Public Accounts

Northwest Territories • 2002-2003

Section II Non Consolidated Financial Statements

Northwest Territories

105-00318/

PUBLIC ACCOUNTS

OF THE

GOVERNMENT OF THE NORTHWEST TERRITORIES

FOR THE YEAR ENDED MARCH 31, 2003

SECTION II

NON-CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

HONOURABLE JOSEPH L. HANDLEY

Minister of Finance

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Government of the Northwest Territories

Non-Consolidated Statement of Financial Position (unaudited)

As at March 31, (thousands of dollars)	**2003**	**2002**
Financial resources		
Cash (note 3)	$ -	$ 103,700
Short-term investments (note 4)	24,440	234,707
Due from Canada (note 5)	31,745	-
Accounts receivable (note 6)	56,433	63,518
Inventories and prepaid expenses (note 7)	10,567	11,861
Designated cash and investments (note 8)	26,231	31,263
Loans receivable (note 9)	46,097	40,801
Investment in Northwest Territories Power Corporation, at nominal value of one dollar	-	-
	195,513	**485,850**
Liabilities		
Bank overdraft (note 3)	2,744	-
Due to Canada (note 5)	-	178,503
Accounts payable and accrued liabilities (note 11)	108,500	126,504
Capital lease obligations (note 12)	15,275	16,206
Post employment benefits (note 13)	39,547	37,520
	166,066	**358,733**
Net financial resources	**$ 29,447**	**$ 127,117**
Non-financial assets		
Tangible capital assets (schedule C)	946,080	881,418
less: deferred capital contributions (note 14)	(215,083)	(214,550)
	730,997	**666,868**
Accumulated surplus	**$ 760,444**	**$ 793,985**

Commitments and contingencies (notes 17 and 18)

The accompanying notes and Schedules A, B and C are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Change in Net Financial Resources (unaudited)

for the year ended March 31, (thousands of dollars)	**2003**		**2002**
	Main Estimates (note 1c)	**Actual**	
Net financial resources at beginning of year	**$ 127,117**	$ 127,117	$ 66,054
Items affecting net financial resources:			
Surplus (deficit) for the year	(11,868)	(33,541)	120,360
Increase in tangible capital assets, net book value (schedule C)	(69,751)	(64,662)	(59,966)
Increase in deferred capital contributions (note 14)	1,748	533	669
Net financial resources at end of year	**$ 47,246**	**$ 29,447**	**$ 127,117**

The accompanying notes and Schedules A, B and C are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Operations and Accumulated Surplus (unaudited)

for the year ended March 31, (thousands of dollars)	**2003**		**2002**
	Main Estimates (note 1c)	**Actual**	
Revenues			
Revenues by source (Schedule A)	$ 853,120	$ 844,157	$ 953,889
Recoveries of prior years' expenses	3,000	1,972	3,555
	856,120	846,129	957,444
Expenses (Schedule B)			
Compensation and benefits	163,799	181,815	180,656
Grants and contributions	417,515	433,837	396,595
Valuation allowances	-	2,467	2,435
Other	231,474	221,577	219,142
Amortization	40,200	40,429	38,228
Estimated supplementary requirements (note 1c)	23,000	-	-
Estimated appropriation authority lapse (note 1c)	(8,000)	-	-
	867,988	880,125	837,056
Annual operating surplus (deficit)	**(11,868)**	**(33,996)**	**120,388**
Petroleum Products Stabilization Fund - net revenue (expense) (note 15)	-	455	(28)
Projects for Canada, Nunavut and others			
Expenses	(45,757)	(53,561)	(47,066)
Recoveries	45,757	53,561	47,066
Annual surplus (deficit)	**$ (11,868)**	**(33,541)**	**120,360**
Accumulated surplus, at beginning of year		793,985	673,625
Accumulated surplus, at end of year		**$ 760,444**	**$ 793,985**

The accompanying notes and Schedules A, B and C are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Cash Flow (unaudited)

for the year ended March 31, (thousands of dollars)	**2003**	**2002**
Operating transactions		
Cash received from:		
Canada	$ 173,777	$ 546,108
Taxation	415,484	565,429
Recoveries and general revenue	32,393	30,007
Projects for Canada, Nunavut and others	50,906	37,268
Recovery of costs incurred for related parties	84,279	71,925
Revolving funds sales	48,953	47,564
	805,792	1,298,301
Cash paid for:		
Compensation and benefits	198,574	163,086
Grants and contributions	433,467	396,208
Operations and maintenance	255,390	228,530
Projects for Canada, Nunavut and others	53,561	47,152
Direct costs incurred for related parties	82,698	72,741
	1,023,690	907,717
Cash provided by (used for) operating transactions	**(217,898)**	**390,584**
Capital transactions		
Acquisition of tangible capital assets	(107,946)	(100,518)
Disposal of tangible capital assets (net)	2,855	2,324
Capital contributions received and deferred	13,057	13,255
Cash provided by (used for) capital transactions	**(92,034)**	**(84,939)**
Investing transactions		
Designated cash and investments redeemed (purchased)	2,656	(3,020)
Loans receivable receipts	2,213	3,284
Loans receivable advanced	(10,717)	(5,659)
Cash provided by (used for) investing transactions	**(5,848)**	**(5,395)**
Financing transaction		
Repayment of capital lease obligations	(931)	(971)
Increase (decrease) in cash and cash equivalents	**(316,711)**	**299,279**
Cash and cash equivalents at beginning of year	338,407	39,128
Cash and cash equivalents at end of year*	**$ 21,696**	**$ 338,407**

* Cash and cash equivalents are represented by cash and short-term investments less bank overdraft.

The accompanying notes and Schedules A and B are an integral part of the non-consolidated financial statements.

1. AUTHORITY, OPERATIONS AND REPORTING ENTITY

(a) Authority and operations

The Government of the Northwest Territories (the Government) operates under the authority of the *Northwest Territories Act* (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

(b) Reporting entity

The Government prepares consolidated financial statements. They are presented in Section I of the Public Accounts and provide an accounting of the full nature and extent of the financial affairs and resources for which the Government is responsible. The consolidated reporting entity is defined in those statements. These financial statements have been prepared on a non-consolidated basis to show the operating results of the Government separate from the entities included in the consolidated financial statements.

These financial statements include the assets, liabilities and operating results of the Government and its revolving funds. Revolving funds are established by the Government to provide the required working capital to deliver goods and services to the general public and to Government departments.

The following related Government Territorial Crown Corporations, boards and agencies are included in these statements only to the extent of the Government's contributions to, or revenues from, them:

Aurora College
Divisional Educational Councils and District Education Authorities
Hospitals and Regional Health Boards
Northwest Territories Business Credit Corporation
Northwest Territories Development Corporation
Northwest Territories Housing Corporation
Northwest Territories Power Corporation

Detailed financial information on revolving funds and Territorial Crown Corporations is included in Section III of the Public Accounts.

(c) Main estimates

The Main Estimates are the appropriations approved by the Legislative Assembly. They represent the Government's original fiscal plan for the year and do not reflect Supplementary Appropriations.

The estimated supplementary requirements and the estimated appropriation authority lapse are included in the Main Estimates on the statement of operations and surplus. They are included for the purpose of comparing the actual net operating revenue (expense) to the estimated net operating revenue (expense).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to employee future benefits, contingencies, revenue accruals and Students Loan Fund allowances for both forgivable and delinquent loans and amortization expense. Other estimates, such as Canada Health and Social Transfer payments and Corporate and Personal Income Tax revenue are based on estimates made by Canada's Department of Finance and are subject to adjustments in future years. Another significant estimate is the Grant from Canada, which incorporates estimates supplied by Statistics Canada and Canada's Department of Finance. Many of the statistical estimates are not finalized until three to seven years after the year end.

(b) Short-term investments/designated cash and investments

Investments are valued at the lower of cost or market value. Interest income is recorded on the accrual basis, dividend income is recognized as it is received and gains and losses are recognized as incurred. Unrealized losses are recognized when it is determined that there is a permanent impairment in the value of the investments.

Investment in securities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rate at year end. Foreign currency transactions during the year are translated into Canadian dollars at the exchange rate at the transaction date.

(c) Inventories and prepaid expenses

Inventories for resale consist of bulk fuel and liquor products. Bulk fuels are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at replacement cost. Other inventories are valued at the lower of cost, determined on a first in, first out basis and net replacement value.

Prepaid expenses are advance payments made prior to year end to meet April 1 deadlines.

d) Loans receivable

Loans receivable and advances are stated at the lower of cost and net recoverable value.

Valuation allowances, which are recorded to reduce loans receivable, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized when earned. Interest revenue is not accrued when the collectibility of either principal or interest is not reasonably assured.

(e) Investment in the Northwest Territories Power Corporation

The Government is the shareholder of the Northwest Territories Power Corporation, a Territorial Crown Corporation providing utility services in the Northwest Territories. The Government's share of the net assets of the Corporation has been recorded at a nominal value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Non-financial assets

Tangible Capital and other non-financial assets are accounted for as assets by the Government as they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Government unless they are sold.

(g) Tangible capital assets and leases

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year, original cost exceeds $50,000 and are intended to be used on an ongoing basis for delivering services. Individual assets less than $50,000 are expensed when purchased.

Tangible capital assets are recorded at cost, or where actual cost was not available, estimated current replacement cost converted back to date of purchase by discounting current year dollars for inflation. Gifted and cost shared tangible capital assets from Canada are recorded at fair market value upon receipt, with the gifted or cost shared portion shown as a deferred capital contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service are amortized on straight line basis over their economic life based on the following guidelines:

Asset category	Amortization period
Land	Not amortized
Roads and bridges	40 years
Airstrips and aprons	40 years
Buildings	40 years
Ferries	25 years
Water/sewer works	20 - 25 years
Computers and software systems	5 - 10 years
Mobile and heavy equipment	7 - 15 years
Major equipment	5 - 15 years
Medical equipment	5 - 15 years
Leasehold improvements	Lease term plus renewal option

Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service. Capital lease agreements are recorded as a liability and a corresponding asset based on the present value of any payments due. The present value is based on the specified rate or the government's borrowing rate at the time the obligation is incurred. Operating leases are charged to expenses. Works of art, historical treasures and crown lands are not recorded.

(h) Post employment benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Government contributes at a rate of 2.14 times (2002 - 2.14 times) the employee's contribution. The Government's contributions are charged as an expense on a current year basis and represents the total pension obligations. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the contributors.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Post employment benefits (continued)

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, severance and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. The cost of the benefits has been determined based on management's best estimates using expected compensation levels and employee leave credits.

(i) Commitments and contingencies

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual commitments pertain to operating, commercial and residential leases, capital projects, and operational funding commitments.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

(j) Grant from Canada

The Grant from Canada is subject to the terms of the Formula Financing Agreement with Canada. The Grant entitlement is dependent on a number of variables, including population growth, the growth of provincial-local government spending, Government of the Northwest Territories revenues and other federal transfers.

The initial payments of the Grant are based on estimates of these variables, supplied by Statistics Canada, Canada's Department of Finance and the Government. Adjustments are made as final data becomes available which can take between three to seven years. These adjustments can be significant and can affect both current and future years' grant entitlement positively or negatively. Population figures are initially based on Statistics Canada's post-censal estimates, which are adjusted to census data every five years. All known changes to estimates, relating to current year and prior years, are recorded in the current year as revenue adjustments.

(k) Projects for Canada, Nunavut and others

The Government undertakes projects for Canada, Nunavut and others. Where possible the Government receives accountable advances and any unexpended balances remaining at year end are recorded as current liabilities. Recoveries are accrued when expenses, as allowed under the project contract, exceed advances.

(l) Taxes

Income tax revenue is recognized on an accrual basis. Taxes, under the *Income Tax Act*, are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Changes to personal and corporate income tax estimates can have a significant impact on the Grant from Canada.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Taxes (continued)

Fuel, tobacco and payroll taxes are levied under the authority of the *Petroleum Products Tax Act*, the *Tobacco Tax Act* and the *Payroll Tax Act* respectively. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified. Property tax and school levies are assessed on a calendar year basis and are recognized on an accrual basis in the fiscal year in which the calendar year ends.

(m) Other revenues/deferred revenue

Licenses, fees and permits are recorded on a cash basis. All other revenues are recorded on an accrual basis. Funding received for specified purposes is deferred until the related expenses are incurred.

(n) Expenses

Expenses are recorded on an accrual basis. The Government records expenses in the year in which the related goods and services are utilized. Government grants and contributions are accrued as expenses when paid or earlier if the recipient has fulfilled the terms of the contractual agreement.

(o) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversals of prior years' expense accruals are reported separately from other revenues on the statement of operations and accumulated surplus. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenses.

3. CASH (BANK OVERDRAFT)

	2003	2002
	(thousands of dollars)	
Cash in bank	$ 15,364	$ 135,890
Overdraft at bank	(11,811)	(17,880)
Outstanding items	(6,297)	(14,310)
	$ (2,744)	**$ 103,700**

The Government has a line of credit provided by a Chartered Bank. There are no fixed repayment terms and the overdraft limits are negotiated over the year based on the forecasted cash flows and borrowing requirements of the Government. The overdraft interest rate is based on prime and the collateral is on the Consolidated Revenue Fund of the Government. Interest is only charged when there is a net overdraft balance of the Government and its pool participants. Interest paid in 2003 was $2,000 (2002 - $5,000). The average borrowing rate during the year was 3.57% (2002 - 5.87%). As at March 31, 2003 there was no net overdraft balance (2002 - nil).

4. SHORT-TERM INVESTMENTS

The surplus cash of the Government is pooled with the surplus cash of certain Territorial Crown Corporations, boards and agencies. This investment pool is invested in a diversified portfolio of high grade, short and long term income producing assets.

At March 31, 2003 the investment pool had total investments of $55 million (2002 - $273 million). The Government's portion of this is $ 24,440,000 (2002 - $234,707,000). The eligible classes of securities, categories of issuers, limits and terms are approved under the Government's investment guidelines, Financial Administration Act and Investment Regulations. All short-term instruments, depending on the investment class, are rated R-1 Low or better from the Dominion Bond Rating Service Ltd. Investments are diversified limiting them, depending on the type of investment, to a maximum of 10% to 50% of the total portfolio. There is no significant concentration in any one investment.

At March 31, 2003 the average term to maturity was 18 days (2002 - 20 days). The portfolio yield for the year varied from 2.03% to 2.94% (2002 - 1.91% to 5.06%). In 2003 the Government earned interest on short-term investments of $4,004,000 (2002 - $2,016,000).

5. DUE FROM (TO) CANADA

	2003	2002
	(thousands of dollars)	
Grant receivable (repayable)		
Grant per financing agreement	$ 346,409	$ 290,347
Less payments received	(110,402)	(535,493)
	236,007	(245,146)
Balance receivable (repayable) at beginning of year	(218,398)	26,748
	17,609	(218,398)
Other receivables:		
Indian and Inuit hospital and medical care	25,471	36,986
Projects on behalf of Canada	16,322	15,787
Miscellaneous receivables	19,395	13,317
	78,797	**(152,308)**
Other payables:		
Advances for projects on behalf of Canada	(1,018)	(711)
Excess income tax advanced	(35,004)	(174)
Miscellaneous payables	(11,030)	(22,459)
Deferred funding for specified purposes	-	(2,851)
	(47,052)	**(26,195)**
	$ 31,745	**$ (178,503)**

The amounts due (to) from Canada are non-interest bearing.

6. ACCOUNTS RECEIVABLE

	2003	2002
	(thousands of dollars)	
General	$ 17,676	$ 23,013
Government of Nunavut	30,590	34,480
Revolving funds sales	4,014	4,109
Accrued interest	208	177
	52,488	61,779
Less: allowance for doubtful accounts	7,092	7,045
	45,396	**54,734**
Receivables from related parties:		
Aurora College	1,307	667
Divisional Education Councils and District Education Authorities	303	1,389
Hospitals and Regional Health Boards	674	1,364
Northwest Territories Development Corporation	67	565
Northwest Territories Housing Corporation	631	797
Northwest Territories Power Corporation	8,055	4,002
	11,037	**8,784**
	$ 56,433	**$ 63,518**

During the year, $101,000 in accounts receivable (2002 - nil) were written off and $219,000 (2002 - $159,000) were forgiven.

7. INVENTORIES AND PREPAID EXPENSES

	2003	2002
	(thousands of dollars)	
Inventories		
Bulk fuels	$ 4,874	$ 6,015
Liquor products	2,191	2,707
Public stores	92	130
	7,157	**8,852**
Prepaid operational expenses	**3,410**	**3,009**
	$ 10,567	**$ 11,861**

Bulk fuel inventory write-down for 2003 was $122,000 (2002 - $142,000).

8. DESIGNATED CASH AND INVESTMENTS

	2003	2002
	(thousands of dollars)	
Investment portfolio:		
Marketable securities (market value $15,665,000, 2002-$11,616,000)	$ 17,381	$ 11,617
Treasury bills (market value approximates cost)	2,050	10,973
Cash and other assets (market value approximates cost)	56	55
	19,487	**22,645**
Students Loan Fund:		
Authorized limit	33,000	33,000
Less: loans receivable	26,256	24,382
Segregated and designated for new loans	**6,744**	**8,618**
	$ 26,231	**$ 31,263**

The cash and marketable securities held in the investment portfolio, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplementary Retiring Allowance Plan I and cannot be used to discharge obligations incurred by the Government. The assets in the investment portfolio are managed by CIBC Mellon Global Securities Company. Supplementary Retiring Allowances Regulations restrict the investments that CIBC Mellon Global Securities Company can make to those listed in the *Pension Benefits Standards Act*.

The proportionate asset mix in the investment portfolio is as follows as at:

	2003	2002
	%	%
Canadian stocks	17.35	16.04
Cash and other assets	10.77	8.80
Corporate bonds	13.63	15.06
Federal bonds	16.68	13.99
Foreign stocks	29.28	35.26
Provincial bonds	12.29	10.85
	100.00	100.00

The average market yield on the portfolio is 3.6% (2002 - 3.2%) with maturity dates ranging from April 2003 to March 2033. The loss on investments, including interest, dividends and gains or losses on disposal was $2,376,000 (2002 gain - $1,728,000).

9. LOANS RECEIVABLE

	2003	2002
	(thousands of dollars)	
Working Capital advances to the Northwest Territories Business Credit Corporation. The term is indeterminate with the option to repay any portion of principal on any interest payment date. Interest is calculated at selected Government of Canada three year bond rates at the end of the month	$ 31,204	$ 28,523
Students Loan Fund loans due in installments to 2015, bearing interest between 1.5% and 12.5%, net of allowance for doubtful accounts and loan remissions of $16,799,000 (2002 - $15,132,000)	9,457	9,251
Loans to municipalities due in installments to 2026, bearing interest between 6.50% and 11.27%	2,713	2,857
Other*	2,723	170
	$ 46,097	**$ 40,801**

The amount that is expected to be received in the current year is $2,282,000 (2002 - $1,936,000). The interest earned on loans receivable during the year was $1,914,000 (2002 - $1,608,000).

The carrying value, at the lower of cost or net recoverable value, is estimated to be the fair value of these loans receivable due to the significant valuation allowances provided. The carrying value of the loans receivable should not be seen as the realizable value on immediate settlement of these loans due to the uncertainty associated with such a settlement.

* Other receivables includes a loan to Deton'Cho Corporation for $2.6 million repayable in 20 equal installments over ten years and bearing no interest. This loan results from a guarantee the Government made for Deton'Cho Diamonds Inc. that was subsequently called by the bank. Foregone interest, calculated at the Government's long term borrowing rate is recorded as a Grant in Kind, in 2003 interest was $95,202.

During the year, the following amounts were written off and forgiven with proper authority:

	2003	2002
	(thousands of dollars)	
Students Loan Fund:		
Forgivable loan remissions, including interest	$ 1,251	$ 1,099
Write-offs	392	-
	$ 1,643	**$ 1,099**

10. SHORT-TERM LOANS

There were no short-term loans as at March 31, 2003 (2002 -nil). The borrowing limit under the *Borrowing Authorization Act* is $175 million.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2003	2002
	(thousands of dollars)	
Trade	$ 48,011	$ 49,515
Other liabilities, payroll deductions and contractors' holdbacks	13,336	16,601
Government of Nunavut	8,587	8,124
Employee vacation pay	10,246	8,910
Deferred revenue	211	894
Provision for equal pay settlement	15,071	33,427
	95,462	**117,471**
Payables to related parties:		
Aurora College	1,381	1,391
Divisional Education Councils and District Education Authorities	1,201	1,354
Hospitals and Regional Health Boards	8,351	4,725
Northwest Territories Development Corporation	10	31
Northwest Territories Housing Corporation	1,107	666
Northwest Territories Power Corporation	988	866
	13,038	**9,033**
	$ 108,500	**$ 126,504**

12. CAPITAL LEASE OBLIGATIONS

	2003	2002
	(thousands of dollars)	
Buildings	$ 15,275	$ 16,206

Interest expense related to capital lease obligations for the year was $1,845,000 (2002 - $1,994,000), at an implied average interest rate of 11.7% (2002 - 12%). Capital lease obligations are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2003.

	(thousands of dollars)
2004	$ 2,732
2005	2,732
2006	2,732
2007	2,732
2008	2,732
Beyond 2008	12,644
Total minimum lease payments	26,304
Less: imputed interest 11.5%	11,029
Present value of minimum lease payments	**$ 15,275**

13. POST EMPLOYMENT BENEFITS

	2003	2002
	(thousands of dollars)	
Employee Future Benefits		
Resignation	$ 12,261	$ 12,285
Removal	5,417	5,717
Retirement	2,252	2,206
	19,930	**20,208**
Pension Liabilities		
Legislative Assembly Supplementary Retiring Allowance Plans	17,714	15,713
Judges' Supplemental Pension Plan	1,903	1,599
	19,617	**17,312**
Total	**$ 39,547**	**$ 37,520**

The expected payments due for employee future benefits in the current year are $2,085,000 (2002 - $1,935,000).

The Government maintains the Legislative Assembly Retiring Allowances Fund and the Territorial Court Judges' Registered Pension Plan. Both plans are contributory defined benefit pension plans. These two pension plans are fully funded, consequently the Government has no net liabilities as at March 31, 2003 (2002 - nil). The funds related to these plans are administered by independent trust companies. As well there are three supplementary plans known as the Legislative Assembly Supplementary Retiring Allowance Plan I and the Legislative Assembly Supplementary Retiring Allowance Plan II, and the Judges' Supplemental Pension Plan. The Legislative Assembly Supplementary Retiring Allowance Plan II came into force April, 2002. These three plans are non-contributory defined benefit pension plans. The Government is liable for all benefits. Benefits provided under all five plans are based on service and/or earnings.

Actuarial valuations were completed for the Legislative Assembly and Judges' plans as of March 31, 2000 and April 1, 2001 respectively, using the projected benefit method prorated on service. An actuarial valuation has not been completed for the Legislative Assembly Supplementary Retiring Allowance Plan II. The valuation is based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts. The actuarial valuations were extrapolated to March 31, 2003, if they were not valued at the balance sheet date.

Pension Expense

Pension expense for the Legislative Assembly Retiring Allowances Fund, the Territorial Court Judges' Registered Pension Plan, the Legislative Assembly Supplementary Retiring Allowance, Plans I and II, and Judges' Supplemental Pension Plan for the year totalled $2,964,000 (2002 - $997,000). The Government's contributions to the Public Service Superannuation Plan were $19,855,000 (2002 - $16,272,000). The employees' contributions to the Public Service Superannuation Plan were $9,278,000 (2002 - $7,604,000).

14. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions relate to the portion of a tangible capital asset that was gifted from or cost shared with Canada. The most significant of these assets are roads and airports. The capital contributions are deferred and amortized to revenue over the same life as the related asset.

	2003	2002
	(thousands of dollars)	
Deferred capital contributions at beginning of year	$ 214,550	$ 213,881
Add: Assets gifted or cost shared during the year	13,057	13,255
Less: Amortization of capital contributions	(12,524)	(12,586)
Deferred capital contributions at end of year	**$ 215,083**	**$ 214,550**

15. PETROLEUM PRODUCTS STABILIZATION FUND

The Petroleum Products Stabilization Fund is included in the accumulated surplus. The purpose of the Fund is to stabilize the prices of petroleum products purchased, sold and distributed by the Government. The net revenues or expenses of the Petroleum Products Stabilization Fund are charged to the Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed $5,000,000.

In 2003 the Government appropriated $4,191,000 to eliminate the stabilization fund accumulated deficit at the beginning of the year.

	2003	2002
	(thousands of dollars)	
Deficit at beginning of the year	$ (4,191)	$ (4,163)
Supplemental stabilization funding	4,191	-
	-	(4,163)
Less: Petroleum Products Stabilization Fund - Net revenue (expense)	455	(28)
Surplus (deficit) at end of the year	**$ 455**	**$ (4,191)**

16. TRUST ASSETS UNDER ADMINISTRATION

The Government administers trust assets on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	2003	2002
	(thousands of dollars)	
Correctional institutions and Other	$ 233	$ 442
Public Trustee	2,695	2,497
Natural resources - Capital	188	336
Supreme and Territorial courts	420	423
Workers' Compensation Board (Northwest Territories and Nunavut)	263,585	266,646
	$ 267,121	**$ 270,344**

The Workers' Compensation Board's (Northwest Territories and Nunavut) fiscal year end is December 31. Its most recent financial statements and those of the Public Trustee are reproduced in Section III of the Public Accounts of the Government.

17. COMMITMENTS

The Government has entered into agreements for, or is contractually committed to, the following expenses to be incurred subsequent to March 31, 2003:

	Expiry Date	2004	2005-2026	Total
		(thousands of dollars)		
Operational commitments	2016	$ 25,213	$ 31,402	$ 56,615
Commercial and residential leases	2019	10,939	44,147	55,086
RCMP Policing Agreement	2012	20,108	160,864	180,972
Capital commitments - Projects in progress at March 31, 2003	2005	41,898	10,547	52,445
Equipment leases	2008	819	1,069	1,888
Commissions Commitment	2006	996	365	1,361
Western Harvesters' Assistance Program	2005	177	71	248
		$ 100,150	**$ 248,465**	**$ 348,615**

Chargeback of Services

The Government has 6 (2002 - 13) cost recovery service agreements with the Government of Nunavut for the provision of various corporate and program delivery services. The expenses on and costs recovered from these projects on behalf of Nunavut are estimated at $10,102,000 (2002 - $10,820,000) for the fiscal year 2003-2004.

18. CONTINGENCIES

(a) Contingent liabilities

The Government is contingently liable for the following:

	(thousands of dollars)
Debentures issued by the Northwest Territories Power Corporation, maturing from 2009 to 2032	$ 117,147
Loans payable by the Northwest Territories Housing Corporation	27,225
Loans payable by the Northwest Territories Power Corporation	6,000
Guaranteed operating lines of credit	17,010
Guaranteed residential housing loans	8,100
Uninsured loss	568
	$ 176,050

(b) Environmental restoration costs

As circumstances and funding have permitted, the Government has been addressing the problem of environmental liabilities. In a number of departments, this process has consisted of identifying sites of potential liability and remediating the sites as necessary.

The Government has identified 351 sites where environmental liabilities may exist. Of these, 187 sites have been assessed. To date 88 of the 187 sites have been remediated or it has been determined no liability exists. Other assessed sites either have remediation plans in place or are undergoing further study.

Of the total sites identified, 126 are active fuel caches managed by the Department of Resources, Wildlife and Economic Development that are located a distance from communities. Many of these caches, because of their remoteness and the small number of drums involved (with the potential for only limited local contamination), have not yet been formally assessed. As these sites are re-supplied, each is assessed for liabilities. In addition, the Department currently has 75 inactive fuel caches where there are no drums stored.

In the case of the Petroleum Products Stabilization Fund, 22 tank farm comprehensive site assessments have been completed and it has been confirmed that hydrocarbon contamination is present in varying levels at all sites. Accurate cost estimates will not be possible until the level of contamination and scope of work are more clearly established.

The Government will continue with its program of site inspection, assessment and remediation on an ongoing basis. In those cases where the cost of remediating sites is quantifiable, an estimated liability is accrued. As at March 31, 2003, cost estimates of sufficient accuracy are not yet available to predict future costs, if any, of restoration, consequently, no liabilities have been accrued.

18. CONTINGENCIES (continued)

(c) Guarantees

The Government has guaranteed operating lines of credit for Sirius Diamonds NWT Ltd. to a maximum of $10,000,000; Arslanian Cutting Works (NWT) Ltd. to a maximum of $9,200,000 subject to terms of the guarantee agreements which may require specific approval for future advances. The current balances of the operating lines of credit are $7,960,000 and $9,050,000 respectively.

The Government has provided a guarantee to the Canadian Blood Agency and Canadian Blood Services to cover a share of potential claims made by users of the national blood supply. The Government's share is limited to the percentage the Northwest Territories' population is of the total Canadian population.

As at March 31, 2003 no claims have been made on these guarantees.

(d) Litigation

More individuals have come forward alleging abuse by a former schoolteacher in Nunavut, formerly part of the Northwest Territories. Pursuant to agreements negotiated prior to the division of the territories, the Governments of the Northwest Territories and Nunavut will jointly defend the suits. The cost of defending this action and any damages that may eventually be awarded will be shared by the two Governments 56.66% and 44.34% respectively. An estimate of the loss arising from these suits, if any, cannot be determined at this time.

(e) Grant, Transfer Payments and Taxes

Grant, transfer payments and taxes are inter-related. As detailed in note 2(j) and note 2(l), year-to-year fluctuations in corporate and personal income tax revenue, can have a significant impact on the grant and transfer payments from Canada.

Furthermore, income tax determined by Canada combines actual assessments with an estimate that assumes that previous years' income tax levels will be sustained. If tax revenue is not sustained, then future tax revenue will decrease and the grant and transfer payments will increase, albeit at a somewhat smaller amount. It is not known, with any certainty, if the current higher levels of income tax revenue will be sustained.

To calculate the grant from Canada, as detailed in note 2(a), the government uses various component estimates supplied by Statistics Canada. As shown in note 2(j), one significant component is population. This estimate is based on Statistics Canada post-censal estimates which are adjusted to actual census data every five years.

Statistics Canada post-censal estimates, normally used to estimate the grant, appear to be too high. Consequently, the government has chosen to use the preliminary 2001 census estimate in calculating its grant revenue for the 2003 year. The 2001 census result is not final and has not been verified by Statistics Canada but is, in management's judgement, the best estimate of population. Using this estimate results in calculated grant revenue for 2003 some $34 million lower than using the post-censal estimates provided by Statistics Canada. However, management believes its calculation to be significantly closer to the likely final amount.

Differences between current estimates and future actual amounts, if any, can be significant. Any such differences will be recognized when the actual tax assessments and census results are finalized over the next one to four years.

19. RELATED PARTIES

Transactions with related parties and balances at year-end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government made grants and contributions to the following related parties.

	2003	2002
	(thousands of dollars)	
Hospitals and Regional Health Boards	$ 153,702	$ 140,601
Divisional Education Councils and District Education Authorities	102,421	94,613
Northwest Territories Housing Corporation	49,486	46,955
Aurora College	22,772	22,662
Northwest Territories Development Corporation	3,450	2,700
Northwest Territories Business Credit Corporation	756	753
	$ 332,587	**$ 308,284**

The Government funds communities, boards and agencies and other organizations offering services to the public. These organizations operate independently of normal Government operations. The Government may be held responsible for any liabilities or deficits on behalf of these boards and agencies. An estimate of the potential liability, if any, cannot be determined.

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided included personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal and interpretation services. Direct costs of $82,698,000 (2002 - $71,925,000) were incurred and recovered from related parties.

The Government of the Northwest Territories receives dividend revenue in return for its investment in the Northwest Territories Power Corporation. Dividend revenue for the current year is $4,000,000 (2002 - $4,000,000).

20. FINANCIAL INSTRUMENTS

The fair value of short-term financial instruments, including cash/bank overdraft, short-term investments, due (to) from Canada, accounts receivable, and accounts payable and accrued liabilities approximate the carrying amounts because of the short term to maturity.

The fair value of the Government's long-term financial instruments, including designated cash and investments, loans receivable, capital lease obligations, and long-term debt are detailed in the related separate notes. Where fair value amounts are not detailed, the carrying amounts approximate the fair value.

21. OVEREXPENDITURE

The Department of Transportation and the Department of Justice exceeded the amounts appropriated to them for operations and maintenance activities by $299,000 and $490,000, respectively. This contravenes the *Financial Administration Act, (FAA)* section 32, which states..."No person shall incur an expense that causes the amount of the item set out in the Estimates on which the appropriation is based to be exceeded".

22. COMPARATIVE FIGURES

Certain comparative figures on the statement of cash flow have been reclassified to conform with the financial statement presentation adopted for the current year.

Government of the Northwest Territories Schedule A

Non-Consolidated Schedule of Revenues by Source (unaudited)

March 31, (thousands of dollars)	**2003**		**2002**
	Main Estimates (note 1c)	**Actual**	**Actual**
Revenue from Canada			
Grant *	$ 386,579	$ 346,409	$ 290,347
Transfer payments*	54,953	61,578	24,655
	441,532	407,987	315,002
Taxation			
Corporate Income Tax*	263,937	274,593	486,285
Personal Income Tax*	46,501	50,629	42,990
Fuel	13,809	15,612	16,854
Tobacco	10,229	12,866	10,542
Payroll	10,107	12,718	11,439
Property tax and school levies	7,278	6,824	6,455
Insurance	1,700	2,348	2,150
	353,561	375,590	576,715
Recoveries			
Program	7,741	7,801	8,704
Service	1,324	1,800	1,612
Lease and accommodations	1,137	1,440	1,400
Commodity sales	55	53	66
Salary recoveries - boards and agencies	75	74	74
Asset sales - furniture	65	144	-
Insurance proceeds	60	4	18
Transportation	48	55	77
Amortization of capital contributions (note 14)	12,151	12,524	12,586
	22,656	23,895	24,537
General			
Revolving Funds net revenue	17,786	19,199	18,588
Regulatory revenues	11,067	11,561	11,202
Other general revenues	1,559	1,505	1,611
Investment income	4,571	3,683	5,847
Gain on disposal of tangible capital assets	100	367	-
	35,083	36,315	37,248
Grants in Kind	288	370	387
Total Revenues	**$ 853,120**	**$ 844,157**	**$ 953,889**

* The Grant from Canada, Transfer payments and Corporate and Personal Income Tax Revenue are inter-related. An increase in income tax revenue received in the year will result in the Grant from Canada being reduced, as occurred in the year ended March 31, 2002.

Government of the Northwest Territories Schedule B

Non-Consolidated Schedule of Expenses (unaudited)

March 31,
(thousands of dollars)

	Main Estimates (note 1c)	Compensation and Benefits	Grants and Contributions	Valuation Allowances	Other	Amortization	2003 Total Expenses	2002 Total Expenses
Legislative Assembly	$ 14,047	$ 5,512	$ -	$ -	$ 9,589	$ 683	$ 15,784	$ 12,855
Executive	51,772	23,291	10,481	-	14,671	1,107	49,550	63,610
Finance	7,766	3,134	-	-	4,328	29	7,491	6,439
Municipal and Community Affairs	70,750	10,523	51,917	-	6,072	2,555	71,067	61,468
Public Works and Services	41,324	16,106	260	-	23,377	2,435	42,178	40,807
Health and Social Services	199,882	14,918	156,932	310	36,967	3,543	212,670	194,217
Justice	69,584	36,558	1,874	121	34,983	713	74,249	65,710
NWT Housing Corporation	48,981	-	49,486	-	-	-	49,486	46,955
Education, Culture and Employment	195,903	15,777	146,079	1,938	32,999	7,305	204,098	194,321
Transportation	71,405	23,576	446	-	28,452	21,262	73,736	71,536
Resources, Wildlife and Economic Development	81,574	32,420	16,362	98	30,139	797	79,816	79,138
Total 2003	**$ 852,988**	**$ 181,815**	**$ 433,837**	**$ 2,467**	**$ 221,577**	**$ 40,429**	**$ 880,125**	
Total 2002	**$ 788,825**	$ 180,656	$ 396,595	$ 2,435	$ 219,142	$ 38,228		**$ 837,056**

Schedule C

Government of the Northwest Territories

Non-Consolidated Schedule of Tangible Capital Assets (unaudited)

As at March 31,
(thousands of dollars)

	Land	Buildings	Other*	Leasehold Improvements	Equipment	Computers	2003	2002
Cost of tangible capital assets, opening	$ 1,666	$ 551,187	$ 566,126	$ 16,079	$ 41,339	$ 19,159	$ 1,195,556	$ 1,143,715
Acquisitions	-	57,524	46,498	3,109	4,895	1,585	113,611	54,715
Disposals	(70)	(2,663)	-	-	(66)	-	(2,799)	(2,874)
Cost of tangible capital assets, closing	1,596	606,048	612,624	19,188	46,168	20,744	1,306,368	1,195,556
Accumulated amortization, opening	-	(200,358)	(169,281)	(9,697)	(20,284)	(9,089)	(408,709)	(371,031)
Amortization expense	-	(17,887)	(16,766)	(1,029)	(2,363)	(2,384)	(40,429)	(38,228)
Write-downs	-	-	-	-	(1,169)	-	(1,169)	(111)
Disposals	-	1,105	-	-	8	-	1,113	661
Accumulated amortization, closing	-	(217,140)	(186,047)	(10,726)	(23,808)	(11,473)	(449,194)	(408,709)
Net book value	**$ 1,596**	**$ 388,908**	**$ 426,577**	**$ 8,462**	**$ 22,360**	**$ 9,271**	857,174	786,847
Work in progress							**88,906**	**94,571**
							$ 946,080	**$ 881,418**

* includes roads, bridges, airstrips, aprons and water/sewer works

Change in tangible capital asset net book value	**2003**	**2002**
Acquisitions	$ 107,946	$ 100,518
Disposals/write-downs	(2,855)	(2,324)
Amortization	(40,429)	(38,228)
Increase (decrease)	**$ 64,662**	**$ 59,966**

Government of the Northwest Territories

Schedule 1

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Legislative Assembly					
Recoveries	$ 8	$ -	$ 8	$ 5	$ (3)
Merchandise	5	-	5	3	(2)
Publications	1	-	1	2	1
Concessions					
	14	-	14	10	(4)
General revenue					
Fees	1	-	1	-	(1)
(Loss) Gain on investments	-	-	-	(2,376)	(2,376)
	1	-	1	(2,376)	(2,377)
	15	**-**	**15**	**(2,366)**	**(2,381)**
Executive					
Executive Offices					
General revenue					
Fees	-	-	-	10	10
Financial Management Board Secretariat					
Recoveries					
NTPC dividend	4,423	(423)	4,000	4,000	-
Staff Housing	10	-	10	169	159
	4,433	(423)	4,010	4,169	159
General revenue					
Interest	23	-	23	108	85
Fees	4	-	4	42	38
Gain on sale of assets	-	-	-	1	1
	27	-	27	151	124
	4,460	**(423)**	**4,037**	**4,330**	**293**
Finance					
Operating Grant - Canada	386,579	(105,672)	280,907	346,409	65,502
Transfer Payments					
Canadian Health and Social Transfer	20,868	(2,851)	18,017	31,109	13,092
Recoveries					
Investment pool costs	187	-	187	147	(40)
Insured and third party	60	-	60	4	(56)
	247	-	247	151	(96)

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Finance (continued)					
Taxation					
Corporate	263,937	15,169	279,106	274,593	(4,513)
Personal	46,501	4,003	50,504	50,629	125
Fuel	13,809	3,214	17,023	15,612	(1,411)
Tobacco	10,229	2,260	12,489	12,866	377
Payroll	10,107	1,711	11,818	12,718	900
Property tax and school levies	7,278	(320)	6,958	6,824	(134)
Insurance	1,700	-	1,700	2,348	648
	353,561	26,037	379,598	375,590	(4,008)
General revenue					
Liquor Commission	17,691	2,109	19,800	19,150	(650)
Investment interest	1,998	2,312	4,310	4,004	(306)
Municipal interest	444	-	444	309	(135)
Fees	170	-	170	176	6
	20,303	4,421	24,724	23,639	(1,085)
	781,558	**(78,065)**	**703,493**	**776,898**	**73,405**
Municipal and Community Affairs					
Recoveries					
Land leases	800	-	800	996	196
Third party	-	155	155	156	1
	800	155	955	1,152	197
General revenue					
Fees	705	(505)	200	112	(88)
Licenses	124	-	124	96	(28)
Interest	-	-	-	25	25
Lease revenue	-	-	-	8	8
Gain on sale of assets	-	-	-	5	5
	829	(505)	324	246	(78)
	1,629	**(350)**	**1,279**	**1,398**	**119**
Public Works and Services					
Transfer payments					
Federal programs	37	-	37	34	(3)
Grants					
Grants in Kind	288	-	288	370	82

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Public Works and Services (continued)					
Recoveries					
Chargebacks	605	(135)	470	608	138
Water and sewer maintenance	335	642	977	926	(51)
Commercial leases	298	-	298	246	(52)
Sale of Surplus Assets	65	-	65	144	79
Utility services	50	-	50	50	-
Parking stall rentals	25	-	25	16	(9)
	1,378	507	1,885	1,990	105
General revenue					
Permits	437	-	437	542	105
Fees	300	-	300	288	(12)
Inspections	97	-	97	68	(29)
Registrations	-	-	-	43	43
Gain on sale of assets	100	-	100	-	(100)
	934	-	934	941	7
	2,637	**507**	**3,144**	**3,335**	**191**
Health and Social Services					
Transfer payments					
Federal cost shared	26,861	456	27,317	23,338	(3,979)
Federal programs	-	-	-	119	119
	26,861	456	27,317	23,457	(3,860)
Recoveries					
Program recipient	2,505	-	2,505	2,035	(470)
Third party	-	-	-	229	229
Capital Contributions	-	850	850	842	(8)
	2,505	850	3,355	3,106	(249)
General revenue					
Licenses	85	-	85	93	8
Fees	40	-	40	65	25
Gain on sale of assets	-	-	-	217	217
	125	-	125	375	250
	29,491	**1,306**	**30,797**	**26,938**	**(3,859)**
Justice					
Transfer payments					
Federal cost shared	6,117	295	6,412	6,440	28
Federal programs	70	-	70	75	5
	6,187	295	6,482	6,515	33
Recoveries					
Boards and agencies	75	-	75	74	(1)
Air charter	48	-	48	55	7
Program recipient	39	-	39	49	10
Publications	16	-	16	13	(3)
Room and board	4	-	4	7	3
	182	-	182	198	16

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Justice (continued)					
General revenue					
Fees	3,055	70	3,125	3,213	88
Fines	372	-	372	385	13
Interest	4	-	4	2	(2)
	3,431	70	3,501	3,600	99
	9,800	**365**	**10,165**	**10,313**	**148**
Education, Culture and Employment					
Transfer payments					
Federal programs	1,000	-	1,000	463	(537)
Recoveries					
Program recipient	20	-	20	-	(20)
Concessions	15	-	15	12	(3)
Publications	-	-	-	16	16
Merchandise	-	-	-	1	1
Commercial leases	-	-	-	6	6
Capital contributions	117	-	117	133	16
	152	-	152	168	16
General revenue					
Interest	500	-	500	486	(14)
Exam and certification	2	-	2	14	12
Fees	1	-	1	-	(1)
Gain on sale of assets	-	-	-	144	144
	503	-	503	644	141
	1,655	**-**	**1,655**	**1,275**	**(380)**
Transportation					
Recoveries					
Third party	434	167	601	626	25
Road / highway maintenance	147	-	147	69	(78)
Program recipient	-	-	-	2	2
Capital contributions	12,034	(527)	11,507	11,404	(103)
	12,615	(360)	12,255	12,101	(154)
General revenue					
Registrations	2,221	-	2,221	2,637	416
Fees	2,152	110	2,262	1,944	(318)
Lease	1,320	-	1,320	1,243	(77)
Licenses	346	-	346	603	257
Concession	239	-	239	254	15
Permits	155	-	155	272	117
Exam and certification	7	-	7	27	20
Interest	6	-	6	6	-
Inspections	1	-	1	1	-
	6,447	110	6,557	6,987	430
	19,062	**(250)**	**18,812**	**19,088**	**276**

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Resources, Wildlife and Economic Development					
Recoveries					
User	315	-	315	704	389
Publications	10	-	10	1	(9)
Capital contributions	-	-	-	145	145
	325	-	325	850	525
General Revenue					
Investment interest	1,600	-	1,600	1,119	(481)
Licenses	733	-	733	919	186
Fees	10	-	10	11	1
Stores	95	-	95	49	(46)
Permits	50	-	50	-	(50)
	2,488	-	2,488	2,098	(390)
	2,813	**-**	**2,813**	**2,948**	**135**
Total operations and maintenance	**$ 853,120**	**$ (76,910)**	**$ 776,210**	**$ 844,157**	**$ 67,947**

Non-Consolidated Schedule of Expenditures

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Legislative Assembly						
Office of the Clerk	$ 8,358	$ 437	$ -	$ 8,795	$ 8,663	$ 132
Expenditures on Behalf of Members	4,500	1,729	-	6,229	6,140	89
Office of the Chief Electoral Officer	522	6	-	528	391	137
Commissioner of Official Languages	488	7	-	495	445	50
Office of the Speaker	179	2	-	181	145	36
	14,047	**2,181**	**-**	**16,228**	**15,784**	**444**
Executive						
Executives Offices						
Cabinet Secretariat	11,179	110	(216)	11,073	9,802	1,271
Ministers' Offices	3,438	120	216	3,774	3,917	(143)
Public Utilities Board	401	5	-	406	192	214
Commissioner's Office	209	6	-	215	230	(15)
	15,227	241	-	15,468	14,141	1,327
Financial Management Board Secretariat						
Labour Relations and Compensation Services	10,316	(969)	18	9,365	7,746	1,619
Government Accounting	10,197	67	5	10,269	9,709	560
Directorate	6,866	62	(23)	6,905	7,523	(618)
Budgeting and Evaluation	1,215	40	-	1,255	1,435	(180)
Audit Bureau	1,169	39	-	1,208	1,129	79
	29,763	(761)	-	29,002	27,542	1,460
Aboriginal Affairs	6,782	1,834	-	8,616	7,867	749
	51,772	**1,314**	**-**	**53,086**	**49,550**	**3,536**
Finance						
Treasury	5,251	36	(25)	5,262	4,712	550
Directorate	1,185	51	125	1,361	1,346	15
Fiscal Policy	770	21	(100)	691	617	74
Bureau of Statistics	560	233	-	793	787	6
	7,766	341	-	8,107	7,462	645
Amortization of assets*	-	-	-	-	29	(29)
	7,766	**341**	**-**	**8,107**	**7,491**	**616**

*The amortization of the Liquor Commission Assets is not an appropriated item as it is an expense of the Liquor Commission Revolving Fund and not an expense of the Department of Finance. However the assets of the Liquor Commission belong to the Government and its amortization of tangible capital assets is included here for reconciliation purposes only.

Non-Consolidated Schedule of Expenditures

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Municipal and Community Affairs						
Regional Operations	54,363	3,694	2,765	60,822	57,719	3,103
Directorate	5,612	22	90	5,724	5,434	290
Community Financial Services	4,057	27	(2,750)	1,334	842	492
School of Community Government	2,246	185	(250)	2,181	2,108	73
Lands Administration	2,084	350	(200)	2,234	2,203	31
Community Development	1,027	9	345	1,381	1,325	56
Community Governance	685	26	-	711	599	112
Emergency Services	676	170	-	846	837	9
	70,750	**4,483**	**-**	**75,233**	**71,067**	**4,166**
Public Works and Services						
Asset Management	32,645	820	(323)	33,142	33,045	97
Directorate	6,972	237	323	7,532	7,590	(58)
Petroleum Products	860	4,127	-	4,987	832	4,155
Systems and Communications	847	(80)	-	767	711	56
	41,324	**5,104**	**-**	**46,428**	**42,178**	**4,250**
Health and Social Services*						
Health Services Programs	103,465	5,186	3,308	111,959	111,182	777
Community Health Programs	50,955	1,831	382	53,168	51,780	1,388
Program Delivery Support	24,000	4,901	(1,324)	27,577	29,279	(1,702)
Supplementary Health Programs	13,396	-	(3)	13,393	14,137	(744)
Ministry and Corporate Services	8,066	657	(2,363)	6,360	6,292	68
	199,882	**12,575**	**-**	**212,457**	**212,670**	**(213)**
Justice						
Law Enforcement	19,621	203	(1)	19,823	19,637	186
Community Justice and Corrections	29,700	2,821	(21)	32,500	32,679	(179)
Registries and Court Services	8,917	1,071	(1)	9,987	9,881	106
Corporate Services	7,768	334	23	8,125	8,288	(163)
Legal Services Board	3,578	30	-	3,608	3,764	(156)
	69,584	**4,459**	**-**	**74,043**	**74,249**	**(206)**

*The Department of Health and Social Services overexpenditure relates to amortization, an non-cash expenditure for which a Supplementary Estimate will be requested in 2004.

Non-Consolidated Schedule of Expenditures

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
NWT Housing Corporation	**48,981**	**505**	**-**	**49,486**	**49,486**	**-**
Education, Culture and Employment						
Education and Culture	121,722	8,748	724	131,194	131,172	22
Advanced Education and Careers	69,363	716	(724)	69,355	67,637	1,718
Directorate and Administration	4,818	115	-	4,933	5,289	(356)
	195,903	**9,579**	**-**	**205,482**	**204,098**	**1,384**
Transportation						
Airports	20,279	851	5	21,135	21,989	(854)
Highways	35,060	533	(442)	35,151	34,996	155
Corporate Services	7,579	166	527	8,272	7,980	292
Ferries	5,021	111	-	5,132	5,192	(60)
Motor Vehicles	2,652	182	(90)	2,744	2,806	(62)
Community Local Access Roads	587	174	-	761	517	244
Community Marine	227	8	-	235	256	(21)
	71,405	**2,025**	**-**	**73,430**	**73,736**	**(306)**
Resources, Wildlife and Economic Development						
Resource Management and Economic Development	35,597	516	192	36,305	36,688	(383)
Forest Management	28,686	210	(1,061)	27,835	23,318	4,517
Corporate Management	15,126	1,255	869	17,250	17,616	(366)
Environmental Protection	2,165	38	-	2,203	2,194	9
	81,574	**2,019**	**-**	**83,593**	**79,816**	**3,777**
Total operations and maintenance	**$ 852,988**	**$ 44,585**	**$ -**	**$ 897,573**	**$ 880,125**	**$ 17,448**

Government of the Northwest Territories

Schedule 3

Non-Consolidated Schedule of Recoveries of Prior Years' Expenditures

for the year ended March 31, 2003
(thousands of dollars)

DEPARTMENT	Over-Accruals	Recoveries of Valuation Allowances	Other Recoveries	Total
Legislative Assembly	$ -	$ -	$ 3	$ 3
Executive	210	15	24	249
Finance	-	148	(15)	133
Municipal and Community Affairs	30	-	93	123
Public Works and Services	64	16	127	207
Health and Social Services	1,032	-	(1,182)	(150)
Justice	2	106	104	212
Education, Culture and Employment	203	102	511	816
Transportation	13	54	138	205
Resources, Wildlife and Economic Development	132	-	42	174
	$ 1,686	**$ 441**	**$ (155)**	**$ 1,972**

Government of the Northwest Territories

Schedule 4

Non-Consolidated Schedule of Summary of Capital Acquisitions

for the year ended March 31, 2003
(thousands of dollars)

DEPARTMENT	Main Estimates	Supplementary Estimates	Total Appropriation	Actual Expenditure
Legislative Assembly	$ 225	$ 61	$ 286	$ 286
Executive	1,105	973	2,078	1,546
Finance	-	-	-	-
Municipal and Community Affairs	6,718	1,494	8,212	3,167
Public Works and Services	3,850	2,356	6,206	4,634
Health and Social Services	23,606	2,923	26,529	21,207
Justice	18,846	11,338	30,184	24,530
Education, Culture and Employment	14,506	2,216	16,722	6,136
Transportation	38,296	11,892	50,188	43,705
Resources, Wildlife and Economic Development	1,925	1,733	3,658	1,458
	$ 109,077	**$ 34,986**	**$ 144,063**	**$ 106,669**

Government of the Northwest Territories

Schedule 5

Non-Consolidated Schedule of Grants

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Executive						
Executive Offices						
Women's Initiatives	$ 50	$ -	$ 7	$ 57	$ 57	$ -
Native Women's Association (grant in kind)	-	82	-	82	82	-
	50	**82**	**7**	**139**	**139**	**-**
Financial Management Board Secretariat						
Deton'Cho Diamonds (grant in kind)	-	-	-	-	**95**	**(95)**
Aboriginal Affairs						
Aboriginal Organizations	325	-	10	335	299	36
Metis Nation	225	-	-	225	199	26
	550	**-**	**10**	**560**	**498**	**62**
	600	**82**	**17**	**699**	**732**	**(33)**
Municipal and Community Affairs						
Community Government Funding	26,615	-	-	26,615	26,618	(3)
Grant in Lieu of Property Taxes	3,927	-	-	3,927	3,580	347
Additional Funding	2,956	442	-	3,398	3,291	107
Community Government Funding - Extraordinary Funding	1,925	-	250	2,175	2,076	99
Core Funding	295	-	-	295	201	94
Senior Citizens and Disabled Property Tax Relief	254	-	-	254	288	(34)
Sport North lease (grant in kind)	28	-	-	28	28	-
	36,000	**442**	**250**	**36,692**	**36,082**	**610**
Public Works and Services						
Management services for Rockhill Apartments (grant in kind)	260	-	-	260	260	-
	260	**-**	**-**	**260**	**260**	**-**
Health and Social Services						
Medical Profession	**100**	**-**	**-**	**100**	**50**	**50**

Government of the Northwest Territories

Schedule 5
(continued)

Non-Consolidated Schedule of Grants

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Justice						
Aboriginal Court Challenges	40	-	-	40	38	2
Law Bursaries	30	-	30	60	55	5
Canadian Association of Provincial Court Judges	3	-	2	5	3	2
National Justice issues	3	-	3	6	4	2
National Judicial Institute	-	-	-	-	1	(1)
	76	**-**	**35**	**111**	**101**	**10**
Education, Culture and Employment						
Student Grants	8,356	-	(490)	7,866	8,523	(657)
Community Broadcasting	52	-	-	52	52	-
Driver Training Building (grant in kind)	-	-	-	-	169	(169)
	8,408	**-**	**(490)**	**7,918**	**8,744**	**(826)**
Resources, Wildlife and Economic Development						
Fur Price Program	345	-	-	345	693	(348)
Small Business Grants	287	-	(82)	205	189	16
Fire Damage Compensation	100	-	(80)	20	3	17
Disaster Compensation Program	15	-	-	15	4	11
Humane Trap Development	5	-	-	5	-	5
	752	**-**	**(162)**	**590**	**889**	**(299)**
Total Operations and Maintenance	**$ 46,196**	**$ 524**	**$ (350)**	**$ 46,370**	**$ 46,858**	**$ (488)**

Government of the Northwest Territories

Schedule 6

Non-Consolidated Schedule of Contributions

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Executive						
Executive Offices						
Status of Women Council	$ 299	$ -	$ -	$ 299	$ 299	$ -
Native Women's Association	186	-	-	186	186	-
National Aboriginal Achievement Awards	-	-	30	30	30	-
Native Women's Association - Needs Assessment	-	-	10	10	10	-
	485	**-**	**40**	**525**	**525**	**-**
Financial Management Board Secretariat						
Power Subsidy	7,180	-	-	7,180	6,566	614
Superannuation Costs - NTPC	939	-	-	939	637	302
Superannuation Costs - WCB	299	-	-	299	299	-
	8,418	**-**	**-**	**8,418**	**7,502**	**916**
Aboriginal Affairs						
Intergovernmental Forum	380	500	140	1,020	1,040	(20)
Self Government	20	-	100	120	120	-
Aboriginal Organizations	-	-	65	65	65	-
Devolution	-	500	-	500	497	3
	400	**1,000**	**305**	**1,705**	**1,722**	**(17)**
	9,303	**1,000**	**345**	**10,648**	**9,749**	**899**
Municipal and Community Affairs						
Water Sewer Services Subsidy Program	6,225	-	-	6,225	6,267	(42)
Infrastructure - Various Territorial	3,405	1,883	160	5,448	4,790	658
Core Funding	2,500	-	-	2,500	1,625	875
Sport and Recreation	1,275	-	155	1,430	1,404	26
Youth Initiatives	900	-	(120)	780	632	148
Community Development Fund	600	-	-	600	421	179
Transfer Payments (other Government departments)	344	50	-	394	386	8
Granular Materials	250	-	-	250	152	98
Regional leadership	187	-	-	187	65	122
Fire Training	90	-	-	90	79	11
Volunteer Development	20	-	-	20	14	6
	15,796	**1,933**	**195**	**17,924**	**15,835**	**2,089**
Health and Social Services						
Boards of Management	144,808	8,928	662	154,398	153,702	696
Recruitment and Retention	1,395	-	541	1,936	1,283	653
Community Services Support	384	-	208	592	638	(46)
Health Promotion (comm based prgms)	160	-	171	331	832	(501)
Health Promotion (authorities)	154	-	76	230	234	(4)
Health Awareness, Activities and Education	143	-	35	178	178	-
Policy and Legislation (NWT RNA)	-	-	30	30	15	15
	147,044	**8,928**	**1,723**	**157,695**	**156,882**	**813**

Non-Consolidated Schedule of Contributions

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Justice						
Community Justice	879	204	-	1,083	986	97
Legal Aid Clinics	300	-	-	300	300	-
Victims Assistance	250	-	-	250	250	-
Wilderness Camps	165	-	40	205	182	23
Community Constable Program	72	-	-	72	-	72
New Beginnings Alternate Program	-	-	60	60	55	5
	1,666	**204**	**100**	**1,970**	**1,773**	**197**
NWT Housing Corporation	**48,981**	**505**	**-**	**49,486**	**49,486**	**-**
Education, Culture and Employment						
Education Authority	99,934	-	1,976	101,910	102,421	(511)
College Contributions	22,340	-	536	22,876	22,772	104
Healthy Children Initiative	2,934	-	-	2,934	2,700	234
Literacy Funding	1,657	-	360	2,017	1,660	357
Early Childhood Program	1,559	-	-	1,559	1,334	225
Community Teacher Education Program	1,173	-	(99)	1,074	986	88
Language Communities	843	-	-	843	895	(52)
Community Income Assistance Delivery	714	-	(714)	-	-	-
NWTTA Professional Improvement Fund	667	-	-	667	678	(11)
Community Skills for Work	650	-	-	650	640	10
Oil and Gas Industry	450	-	100	550	737	(187)
Cultural Organizations	259	-	-	259	259	-
Community Library Services	194	-	-	194	190	4
Community Museums	186	-	-	186	196	(10)
Student Success Centres	180	-	-	180	180	-
NWT Employment Support Program	150	-	-	150	105	45
NWT Arts Council	140	-	-	140	139	1
Dene Language Programming	100	-	-	100	100	-
Native Communications	70	-	-	70	70	-
Cultural Projects	61	-	100	161	186	(25)
Northern Performers	36	-	-	36	35	1
Skills Canada NWT / NU	-	-	40	40	80	(40)
College development/infrastructure	-	130	-	130	130	-
College HEO Prg - equipment replacement - Fort Smith	-	400	-	400	145	255
Mildred Hall renovation	-	905	-	905	647	258
NorthWIN	-	-	50	50	50	-
	134,297	**1,435**	**2,349**	**138,081**	**137,335**	**746**
Transportation						
Community Local Access Roads	507	-	(50)	457	167	290
Community Marine	80	-	-	80	5	75
Airports	-	-	20	20	22	(2)
Corporate Services contributions	-	200	65	265	252	13
	587	**200**	**35**	**822**	**446**	**376**

Government of the Northwest Territories

Schedule 6
(continued)

Non-Consolidated Schedule of Contributions

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Resources, Wildlife and Economic Development						
NWT Development Corporation	3,450	-	-	3,450	3,450	-
Business Development Fund	1,529	-	(20)	1,509	1,301	208
Community Futures	1,132	-	(2)	1,130	1,143	(13)
Mackenzie Valley Development	1,070	-	(130)	940	931	9
Community Transfer Initiatives	969	-	104	1,073	968	105
Tourism Industry Marketing	921	-	-	921	921	-
Maximizing Northern Employment	500	-	479	979	951	28
Community Harvester Assistance Program	473	-	50	523	522	1
Commercial Fisheries Assistance	395	-	-	395	383	12
Western Harvester Support Program	392	28	-	420	420	-
Interim Resource Management Agreement	375	-	-	375	375	-
West Kitikmeot Slave Study	349	-	(262)	87	77	10
Energy Conservation	300	-	(60)	240	211	29
Arctic Energy Alliance	280	-	50	330	330	-
Local Wildlife Committees	258	-	-	258	251	7
Diavik Socio-Economic Agreement	250	-	(34)	216	215	1
Business Credit Corporation	154	-	-	154	97	57
Diamond Industry Funding	150	-	(137)	13	13	-
Hook Lake Bison Recovery	125	-	82	207	207	-
Northern Accord	105	-	(95)	10	10	-
Prospectors' Assistance Program	90	-	(18)	72	71	1
Wildlife Management Boards	78	-	(8)	70	70	-
Renewable Energy	50	-	46	96	81	15
Diavik Monitoring Agency	50	-	-	50	50	-
Mackenzie River Basin Board	36	-	4	40	40	-
Canadian Energy Research Institute	25	-	-	25	25	-
Great Northern Arts Festival	25	-	20	45	45	-
Support to Fur Industry	15	-	25	40	40	-
Corporate Management contributions	-	-	507	507	504	3
Tourism strategies	-	-	900	900	900	-
Resource Management contributions	-	-	684	684	618	66
NWT Metis Nation (Climate Change)	-	-	13	13	11	2
Forest Management Agreement contributions	-	-	25	25	25	-
Ecology North	-	-	10	10	10	-
Energy Secretariat contributions	-	-	213	213	207	6
	13,546	**28**	**2,446**	**16,020**	**15,473**	**547**
Total Operations and Maintenance	**$ 371,220**	**$ 14,233**	**$ 7,193**	**$ 392,646**	**$ 386,979**	**$ 5,667**

Government of the Northwest Territories

Schedule 7

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Purpose		Date of FMB Approval	Amount Authorized
Legislative Assembly				
	To provide funding for the additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.		18-Sep-02	$ 161
Executive				
Executive Offices				
	To provide funding for additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.		18-Sep-02	211
Financial Management Board Secretariat				
	To provide funding for additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.		18-Sep-02	419
Aboriginal Affairs				
	To provide funding for additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.		18-Sep-02	140
Finance				
	To provide funding for additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.		18-Sep-02	130
Municipal and Community Affairs				
	To provide funding for infrastructure contributions for the continuation of projects that were not completed in the 2001/2002 fiscal year. An offsetting amount was lapsed in the 2001/ 2002 fiscal year.		14-May-02	205
	Recreational Complex - Fort Providence	50		
	Water line/ Boiler Replacement - Hay River	64		
	Community Hall - Wha Ti	91		
		205		
	To provide funding for the additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.		18-Sep-02	351
	To provide Infrastructure Contribution funding to the Town of Tuktoyaktuk for the reconstruction of a 6.2 kilometre road from the sewage lagoon to the airport in Tuktoyaktuk, which was severely damaged by industrial use.		26-Sep-02	1 300

Government of the Northwest Territories

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Purpose		Date of FMB Approval	Amount Authorized
Public Works and Services				
To provide funding for the additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.			18-Sep-02	563
Health and Social Services				
To provide funding for the additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.			18-Sep-02	3,217
To fund the additional expenses to be incurred as a result of the recruitment and retention initiatives for health care professionals and social workers in the NWT. The fund was required at the time in order that the initiatives could be implemented in the 2002-03 fiscal year. These initiatives include:			26-Nov-02	419
Professional Development	701			
Health and Social Services Return of Service Bursary Program - Northern Students	595			
Health and Social Services Return of Service Bursary Program - Southern Students	100			
Staffing Mix and Job Evaluation	150			
Social Worker Mentorship Program	73			
	1,619			
Less Internal Reallocation	(1,200)			
New Funding Required	419			
Justice				
To provide funding for the additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.			18-Sep-02	1,226
NWT Housing Corporation				
To provide funding for the additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.			18-Sep-02	279
Education, Culture and Employment				
To provide funding for the additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.			18-Sep-02	1,772

Government of the Northwest Territories

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Purpose		Date of FMB Approval	Amount Authorized
Transportation				
	To provide funding to complete a technical/engineering review, financial review, economic impact and cost benefit analysis, and a toll review in support of the Fort Providence Combined Council Alliance proposal respecting the Deh Cho Mackenzie River Bridge project at Fort Providence. These analysis are required to determine the soundness of the bridge proposals, identify issues for negotiation, consider the allocation of risk and ensure the NWT is in the best position to gain value for money.		10-May-02	200
	To provide contribution funding to the Fort Providence Combined Council Alliance for further development of the Deh Cho Mackenzie River Bridge project, including: • initiate detailed discussions/negotiations with the GNWT, • seek federal government approval-in-principle and a matching contribution, • further detail the project plan and approach, • establish the 'Bridge Corporation' and identify source of shareholder equity, and, • initiate the environmental assessment and approval process.		10-May-02	200
	To provide funding for infrastructure contributions for the continuation of projects that were not completed in the 2001/2002 fiscal year. An offsetting amount was lapsed in the 2001/2002 fiscal year.		14-May-02	174
	Aklavik Trail to Richardson Mountains	74		
	Tsiigehtchic Scenic road	50		
	Tuktoyaktuk Access Road to Gravel Source	50		
		174		
	To provide funding for the additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.		18-Sep-02	758
Resources, Wildlife & Economic Development				
	To provide funding for the additional expenses to be incurred as a result of the finalization of a collective agreement between the Government of the Northwest Territories and the Union of Northern Workers.		18-Sep-02	956
Total Operations and Maintenance				**$ 12,681**

Government of the Northwest Territories

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2003
(thousands of dollars)

CAPITAL	Purpose		Date of FMB Approval	Amount Authorized
Executive				
Financial Management Board Secretariat				
To provide funding for the continuation of work required on the Integrated Document Management System. The project was not completed in the 2001/2002 fiscal year.			14-May-02	$ 36
Municipal and Community Affairs				
To provide funding for the continuation of projects which were not completed in the 2001/2002 fiscal year. An offsetting amount was lapsed in the 2001/2002 fiscal year			14-May-02	1,872
	WTP - Aklavik	70		
	Water/Sewage Waste - Colville Lake	15		
	Water/Sewage Waste - Enterprise	20		
	Water Supply Improvements - Ft. McPherson	54		
	Expand Sewage Lagoon - Ft. Providence	84		
	Garage - Ft. Resolution	20		
	Community Office - Wrigley	64		
	Water/Sewage Waste - Jean Marie River	22		
	Fire Hall - Nahanni Butte	261		
	WTP - Rae Edzo	101		
	W/S - Rae Edzo	50		
	Solid Waste Site - Rae Edzo	31		
	Solid Waste Site - Rae Lakes	99		
	Community Hall - Rae Lakes	305		
	Parking Garage - Trout Lake	35		
	Community Hall - Jean Marie River	20		
	Community Hall - Trout Lake	14		
	Solid Waste Site - Tuktoyaktuk	23		
	Water Intake - Tulita	410		
	W/S - Wha Ti	97		
	W/S - Wrigley	65		
	Water Supply Improvements - Hay River Reserve	12		
		1,872		
Public Works and Services				
To provide funding for the continuation of work required on the Laing Building Upgrade. The project was not completed in the 2001/2002 fiscal year.			14-May-02	1,125
To provide funding for the continuation of projects which were not completed in the 2001/2002 fiscal year. An offsetting amount was lapsed in the 2001/2002 fiscal year.			14-May-02	595
	Fuel Delivery Truck - Paulatuk	67		
	Fuel Delivery Truck - Wekweti	75		
	Gas Capacity - Rae Lakes	13		
	Diesel Capacity - Deline	159		
	Tank Farm - Colville Lake	15		
	Storage Capacity Upgrade - Holman	216		
	Tank Farm - Sachs Harbour	7		
	Diesel Capacity - Trout Lake	3		
	Aviation Facility	40		
		595		

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2003
(thousands of dollars)

CAPITAL	Purpose	Date of FMB Approval	Amount Authorized
Public Works and Services (continued)			
	To fund capital investment expenditures for the emergency purchase of a new fuel delivery vehicle for the community of Paulatuk. The former fuel delivery truck was destroyed by fire.	19-Dec-02	250
Health and Social Services			
	To provide funding for the continuation of projects which were not completed in the 2001/2002 fiscal year. An offsetting amount was lapsed in the 2001/2002 fiscal year.	14-May-02	930
	Health Suite 120 Telehealth Site Expansion 84 NHIM Replacement 105 Vital Stats Replacement 60 Health Centre Replacement - Aklavik 427 Fort Smith Health Centre - Chiller 5 Tulita Health Centre 57 Fort Liard Health Centre - Mechanical Upgrade 36 Fort Smith Health Centre - X-ray Equipment 36 930		
	To provide funding for the continuation of work required on the Trailcross Diagnosis and Treatment Centre. The project was not completed in the 2001/2002 fiscal year.	14-May-02	228
	To fund additional capital investment expenditures required for the Inuvik Hospital. The additional costs are for: (1) Hardware costs for network systems and data transmission to facilitate transmission requirements for electronic patient files, digital x-rays, digital ultra sounds and digital mammography ($189,000) and (2) an Oxygen Concentrator ($310,000).	19-Dec-02	499

	2002/2003	2003/2004	Total
Current Cashflow	18,000	1,177	19,177
Carryover from 2001/2002	191	-	191
Additional Funding	499	-	499
Revised Cashflow	18,690	1,177	19,867
Add Prior Year Costs			24,015
Total Revised Estimate for the Project			43,882

Justice			
	To provide funding for the continuation of work required on the LAIS Computer System. The project was not completed in the 2001/2002 fiscal year. An offsetting amount was lapsed in the 2001/2002 fiscal year.	14-May-02	20
	To provide funding for the continuation of projects which were not completed in the 2001/2002 fiscal year. An offsetting amount was lapsed in the 2001/2002 fiscal year.	14-May-02	10,536
	Courthouse Renovations 1,100 Document Imaging 98 North Salve Correctional Centre 8,413 COMS Computer System 46 Inuvik Young Offenders Facility 879 10,536		

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2003
(thousands of dollars)

CAPITAL	Purpose		Date of FMB Approval	Amount Authorized
Education, Culture and Employment				
To provide funding for the continuation of projects which were not completed in the 2001/2002 fiscal year. An offsetting amount was lapsed in the 2001/2002 fiscal year.			14-May-02	2,186
	Aurora College - NUP	229		
	Thebacha Campus - Paving/Landscaping	33		
	Lahm Ridge Tower First Floor Renovations	51		
	Aurora College - Inuvik	447		
	Sir John Franklin High School	139		
	Princess Alexandra School Renovations	233		
	Sir Alexander Mackenzie Renovations	15		
	Mildred Hall School Renovations	85		
	PWNHC Renovations	607		
	Lutsel K'e Minor Renovations	84		
	DCN Support-Schools	263		
		2,186		
Transportation				
To provide funding for the continuation of projects which were not completed in the 2001/2002 fiscal year. An offsetting amount was lapsed in the 2001/2002 fiscal year.			14-May-02	6,854
	ATB - Hay River	33		
	ATB - Wha Ti	147		
	ATB - Fort Simpson	251		
	ATB - Aklavik	194		
	Runway - Inuvik	150		
	Parking Lot and Access Road - ATB Inuvik	375		
	Garage - ATB Inuvik	482		
	ATB - Tulita	337		
	Runway - Tulita	599		
	Airport Lighting - Sachs Harbour	145		
	Safety Fencing - Sachs Harbour	60		
	Safety Fencing - Tuktoyaktuk	65		
	Safety Fencing - Holman	55		
	Highway #4: km 0 - 69	2,450		
	Highway #3: km 243 - 333	1,511		
		6,854		
To provide funding for the continuation of work required on the Motor Vehicle System Upgrade. The project was not completed in the 2001/2002 fiscal year. An offsetting amount was lapsed in the 2001/2002 fiscal year.			14-May-02	382
To fund additional capital investment expenditures for the Yellowknife Airport Renovation and Expansion project to include improvements required for new preboarding screening equipment. The total revised estimated cost for the project is $540,000, as follows:			19-Dec-02	335
	Amount approved for 2002/2003	205		
	Additional funding	335		
		540		
Total Capital				**$ 25,848**
Total Special Warrants				**$ 38,529**

Non-Consolidated Schedule of Inter-activity Transfers over $250,000

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Transfer to (from)	Explanation
Municipal and Community Affairs		
Community Financial Services	$ (250)	To transfer appropriations from Community Financial Services to provide the Hamlet of Fort McPherson additional funding for water delivery services.
Directorate	250	
Sport Recreation & Youth	345	Transfer of surplus funds for Youth and Recreation Contribution Programs.
School of Community Government	(250)	
Regional Operations	(95)	
Health and Social Services		
Ministry and Corporate Services	(2,176)	Funding transfers made in July 2002 for departmental organizational changes resulting from the implementation of the NWT Health and Social Services System Action Plan, 2002-2005.
Program Delivery Support	2,239	
Community Health Programs	(63)	
Ministry and Corporate Services	(187)	Funding transfers made in November 2002 for departmental organizational changes resulting from the implementation of the NWT Health and Social Services System Action Plan, 2002-2005.
Program Delivery Support	(81)	
Community Health Programs	355	
Health Services Programs	(87)	
Program Delivery Support	(3,483)	To transfer appropriations to Health Services Programs for funding received in 2002-2003 Supplementary Appropriation #1 to fund 60% of Authorities accumulated deficits as at March 31, 2001.
Health Services Programs	3,395	
Community Health Programs	88	Transfer from Program Delivery Support ($3,483) less a transfer to Community Health Programs for Home Care medical supplies and dental therapy supplies and equipment ($88)
Education, Culture and Employment		
Education and Culture	(536)	To transfer funding to Aurora College for its portion of the Special Warrant funding for the finalization of a Collective Agreement between the GNWT and the Union of Northern Workers.
Advanced Education and Careers	536	

Non-Consolidated Schedule of Inter-activity Transfers over $250,000

for the year ended March 31, 2003
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Transfer to (from)	Explanation
Education, Culture and Employment (continued)		
Advanced Education and Careers	(650)	To transfer projected Income Support surplus funds to the Education & Culture to fund a shortfall in Schools Contributions.
Education and Culture	650	
Advanced Education	(500)	Transfer projected Income Support surplus to the Education & Culture activity to fund a shortfall in Schools contributions.
Education & Culture	500	
Resources, Wildlife and Economic Development		
Forest Management	(399)	To transfer projected Fire Suppression surplus funds to Corporate Management for the departmental Maximizing Northern Employment initiative - Aboriginal Government / Private Sector Partnerships.
Corporate Management	399	
Forest Management	(400)	To transfer projected Fire Suppression surplus funds to Corporate Management for the MacKenzie Valley Development Project.
Corporate Management	400	
CAPITAL INVESTMENT		
Municipal and Community Affairs		
Community Financial Services	(1,660)	To allocate funding approved for community water/sewer projects, as follows:
Regional Operations	1,660	
		Truck Fill Station (Fort Good Hope) 40
		Intake Planning Study (Fort Resolution) 50
		Utilidor Repairs (Fort McPherson) 50
		Storage Capacity (Fort Liard) 60
		Kudlak Lake Evaluation (Tuktoyaktuk) 70
		Reservoir and Pumphouse (Rae) 75
		Sewage Holding Vault Upgrade/Lift Station (Rae) 75
		Intake/Truck Fill Upgrades (Lutsel K'e) 95
		Sewage Holding Vault Upgrade (Rae) 100
		Sewage Lagoon Desludging (Rae) 100
		Restore Intake (Sachs Harbour) 120
		Water Treatment Plant Study (Colville Lake) 160
		Garage for Raw Water Trucks (Fort McPherson) 250
		Reservoir Upgrade (Jean Marie River) 415
Community Health Programs	(500)	To transfer funding from the Nats'ejeek'eh Alcohol and Drug Treatment Centre project (Hay River Reserve) for roof repairs at the Fort Smith Health Centre and the Technical Status Evaluation and Master Development Plan for the Stanton Regional Health Authority.
Health Services Programs	500	

Government of the Northwest Territories

Schedule 9

Non-Consolidated Schedule of Debenture Loans Receivable from Municipalities

for the year ended March 31, 2003
(thousands of dollars)

	Year of Maturity	Interest Rate	Original Amount	Principal Balance March 31, 2002	New Loans	Principal Repayments	Principal Balance March 31, 2003
Municipality of Fort Smith							
43 Personal care facility, amalgamation of debentures #39 and #41	2026	11.27	$ 2,765	$ 2,711	$ -	$ 77	$ 2,634
			2,765	**2,711**	**-**	**77**	**2,634**
Municipality of Fort Simpson							
6 Fire hall addition, refinance debenture #5	2006	9.00	136	59	-	11	48
7 Fire truck and alarm system	2008	9.00	67	36	-	5	31
8 Wildrose Acres sub-division	2007	6.50	150	50	-	50	-
			353	**145**	**-**	**66**	**79**
			$ 3,118	**$ 2,856**	**$ -**	**$ 143**	**$ 2,713**

Schedule of Other Long-term Receivables

for the year ended March 31, 2003
(thousands of dollars)

	Principal Balance March 31, 2002	New Loans	Principal Repayments	Principal Balance March 31, 2003
Agreements for sale	$ 179	$ -	$ 50	$ 129
Deton'Cho Corporation	-	2,600	-	2,600
	$ 179	**$ 2,600**	**$ 50**	**$ 2,729**

Government of the Northwest Territories

Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

for the year ended March 31, 2003

ACCOUNTS RECEIVABLE WRITTEN OFF

Municipal And Community Affairs	
Northern Pork Ltd	$ 9,868
Transportation	
Greg Shortz Trucking	1,788
Williams Aero Service	974
	2,762
Education, Culture and Employment	
Arrowmaker, P	1,941
Beaverho, B	3,005
	4,946
Total Accounts Written Off Over $500	17,576
All Departments - Other Miscellaneous Accounts Less Than $500	72,815
Accounts Forgiven, Not Previously Written Off	10,826
Total Accounts Receivable Written off	101,217

STUDENT LOAN FUND

Abraham, W	2,959
Altiman, R	840
Anthony-Wiseman, D	3,535
Beaverho, L	7,500
Behrends, M	5,200
Brown, D	3,386
Burton, D	1,894
Campbell, A	798
Clark, H	6,060
Clarke, S	6,583
Colles, W	3,638
Cook, W	2,381
Courtoreille, L	1,625
Craik, R	10,695
Crook, D	2,553
Cullen, L	8,000
Donaldson, R	4,800
Dowling, K L	4,506
Dryneck, R	4,946
Dyke, S	9,955
Ebbinghoff, C	4,318
Edwards, J B	3,277
Ellis, S	13,314
Ellis-Cronin, S	5,398
Fairlie, J	1,176
Fiendell, C	1,260
Foltyn, J	2,200
Geno, W	3,850
Grant, K	4,312
Hall, G	6,850
Harris, H	1,600
Student Loans (continued)	
Haslam-Bremermann, S	6,895
Hathaway, W	4,678
Illes, A	4,400
Irvine, S	7,210
Johnson, M	6,592
Johnson, P	2,600
Johnson, R	280
Kilpatrick, C	9,900
Kirby, A	1,500
Kobasiuk, D	28,961
Krushelniski, J	12,835
Laurence, I	6,080
Leishman, C	7,263
Leonardis, A	2,805
Leonardis, A	2,805
L'Hommecourt, J	6,200
Mantla, R	13,875
McCloskey, J	17,472
McInnes, S	3,521
McNeely, W	1,011
Monti, R	4,744
Moosenose, A	7,500
Murdock, V	9,208
Nessel, L	4,810
Nguyen, H D	4,744
O'Hare, K	5,404
Paul, D	1,855
Paul, D	1,855
Plamondon, V	2,805
Sabourin, D	4,507
Saupitty Piche, M	2,605
Tambour, V	1,756
Thomas, I	25,200
Thomas, L	25,039
Townsend, T	3,252
Total Student Loans Written Off	391,576
Student Loan Interest Written Off	108,860
Total Accounts and Loans Written Off	$ 601,653

FORGIVENESS

Accounts Forgiven, 2002 / 2003 Forgiveness	$ 218,518

Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

for the year ended March 31, 2003

STUDENT LOAN REMISSIONS

Under the Student Financial Assistance Regulations, the Government may forego collection of students' loans, provided certain criteria are met. The students listed below, having met the academic and the employment or residency criteria, have qualified and been granted remission of their loans.

Aho, Nancy Marie	$ 1,293	Cran, Rick L.	6,427
Alexander, Lisa	4,603	Cunningham, Andrew J.	2,872
Allard, James Charles (Jr)	3,814	Curran, Eletha Ann	2,424
Ambrose, Clint Michael	3,415	Curran, Peter George	3,130
Amyotte, Sylvain	2,576	Currie, Shelley L.	1,682
Ashton, Toderick Ralph	8,011	Currimbhoy, Adil Afzal Jr.	709
Avery, Bradley Peter F.	1,120	Cymbalisty, Kevin Andrew	3,167
Avery, Mark	2,868	Dam, Yen	2,126
Ballard, Sarah Nicole	4,592	Davenport, Michael John	2,100
Barnes, Rhiana	2,400	Day, Clara	4,050
Baron, Lisa Michelle	921	Dean, Liam James	3,792
Baryluk, Steven Donald	1,326	Deans, Keith J. R.	11,179
Baumann, Wolfgang Sr.	6,004	Degrow, Azure	1,184
Bawtinhimer, Karyne	1,840	Demarcke, Pennie	1,871
Bennington, Christopher Edward	5,195	Desfosses, Suzanne	3,310
Bergman, Jennifer A.	4,811	Desilets, Angela Elizabeth	1,425
Bergman, Kim Marie	3,500	Desjarlais, April Dale	4,088
Bertolini, Alessandro (Alex)	3,452	Dillabough, Su-Ellen M.	1,962
Besarra, Patrick Vendiola	3,178	Douglas, Mary Theresa	4,307
Blake, Corinne	2,378	Doyle, Carolyn Mary	2,839
Blesse, Lida	3,606	Drescher, Micheal Allen	8,160
Boettger, Darcy	2,422	Duchesne, Mary Anne	10,708
Bourke, Edith	6,653	Duggan, Moira Lynn	4,176
Bourke, Shauna	1,293	Dumont, Melanie R.	959
Bourque, Mary	6,455	Dunbar, Christopher Gordon	1,754
Boyer, Craig Joseph	3,770	Dunbar, Scott R.	1,118
Brissette, Nicanora	802	Dunn, Daniel Joseph	3,847
Broadhead, Leah S.	3,979	Duong, Diep T.	1,732
Brown, Tara Camile	6,642	Duong, Kim Thi Thien	3,485
Brown, Tawna C.	2,872	Edwards, Gladis	6,839
Brumwell, Lindsay E.	1,183	Elias, Charlene	5,000
Bryant, Tracey	3,737	Elliot, Gordon S.	1,600
Butz, Allison Jessica	3,058	Enge, Audrey	1,249
Byrne, Norman	3,200	Epp, Amanda M.	3,694
Cadieux, Anne M.	1,644	Erasmus, Eileen	3,726
Campbell, Carron Leah	2,755	Fair, Saro E.	3,167
Campbell, Jessie	3,018	Falconer, Kim Allana	833
Campbell-Rogers, Paula C.	4,400	Farrow, Justine	1,767
Carr, John William	4,647	Fedun, Amanda Denise	2,696
Carrol, Martin	6,192	Feil, Leah	4,373
Carthew, Christopher W.	1,074	Feil, Wendy L.	3,562
Carthew, Kirsten C.	2,313	Feltham, April Lynn	3,200
Chalifoux, Brenda Eileen	3,537	Fillion, Darren R.	2,800
Charlebois-Heide, Susan J.	2,028	Finnamore, Matthew	2,822
Chatman, Jeremy Wade	3,150	Fiume, Maryland	1,348
Chisholm, Keili C.	4,400	Forbes, Crystal Faith	1,052
Christensen, Julia Blythe	1,381	Frano, Marek	1,710
Christison, Jana	3,562	Fraser, Wendy	647
Cheung, William	3,573	Freeland-Ballantyne, Erin Amelia	1,425
Clark, Brett E.	1,600	Freund, Hardy	1,469
Comber, Betty-Lou	4,296	Froese, Jason Leonard	3,150
Comin, Wade	4,491	Froese, Tiffany O.S.	3,913
Connolly, Gregory Guy	3,308	Gau, Robert John	5,243
Connors, Thomas Joseph	2,255	Gebauer, Lindsey C.B.	7,650
Costache, Monty John	11,037	Ghaleb, Farook	2,981
Cottam, Marlene Gladys	4,933	Gill, Paul	534
Couturier, Marie Patricia	5,391	Gonzales, Raymond	1,282
Cox, Marian	2,926	Goodliffe, Martin	2,850
Coyne, Mary L.	5,085	Gostick, William A.	5,907
Craig, Crystal	857	Gourlay, Freyja	1,359

Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

for the year ended March 31, 2003

STUDENT LOAN REMISSIONS (continued)

Gow, Michelle S	1,319	King, Clifford David	923
Green, Helen M	4,143	King, Patricia Michelle	4,987
Greene, Jason L	4,066	Kirbyson, Holly Carol	1,523
Greenland, Angela Rose	4,979	Kolesnichenko, Patricia	3,014
Greenland, Heather Cheryl Marie	4,253	Kruse, Lesley Corinne	2,258
Griffore, Tanya Monette	6,143	Ladd, Sharon Alice	2,200
Groenewegen, James Jeffery Robert	614	Lafoy, Heather Marie	3,902
Grundy, Lindsay	3,398	Lafreniere, Holly E	3,759
Guinan, Derran Patrick	675	Lansdown, Darcy	6,697
Ha, Nguyen Tho Nguyet (Lisa)	1,315	Larocque, Michelle D	4,351
Halldorson, Travis Micheal	800	Lavoie, Arlene Theresa	2,800
Halupa, Faro S	1,447	LeBlanc, Phillippe P	1,556
Hamilton, Lisa	3,156	Lee, Nahum Daniel	2,280
Hammond, Andrew Norton	2,246	Legler, Michelle E	4,987
Handley, Patricia	3,918	Lehmann, Marc	3,102
Hanson, Marlo Jean	1,370	Lennie-Misgeld, Jan Peter	1,534
Harbicht, Kim	2,414	Leonardis, Bonita	7,200
Harker, Brooke Jason	1,995	Leonardis, Monica Lynn	4,888
Harney, Kami Jennifer	1,556	Li, Vincent	1,666
Hart, Robert Francis	1,737	Lorenzen, Laura	6,094
Hartery, Bruce Edward	4,063	Lovely, Sherry	3,694
Hartlen, Tracey	4,537	MacBride, Patrick Joseph	1,753
Hayes, Sharon Elizabeth	1,765	MacDonald, Erin Katherine	539
Hayward, Trent Ronald	3,978	MacDonald, Ian Andrew	2,624
Healy, Damien P	5,447	MacEachern, Camilla Dawn	5,217
Heins, Shane Alexander	5,600	MacLean, Ronald D	3,986
Henry, Mark	1,140	MacLellan, Karen Martha	1,721
Heron, April	1,578	MacLennan, Sheena Lynne	4,169
Hibbs, Andrew Robert	954	Mager, Raegan Charmaine	7,600
Hill, Catriona	1,381	Maguire, Joanna Patricia	5,146
Hill, William Robert Duncan	2,973	Malloy, Kimberly Dawn	3,978
Hodgkins, Sarah Louise	6,979	Mangold, Dorothea	3,606
Hogan, Bernard Michael	792	Mann, Inderjit (Cindy)	4,400
Hopkins, Margo	7,596	Mantla, Therese	4,954
Horn, Jeffrey Scott	2,700	Marie, Susan J	3,339
Houghton, David J	2,696	Marinic, Anna	4,537
Howie, Jennifer Florence	1,197	Marshall, Sean	4,570
Hoyles, Jaime N	6,225	Matchett, Darrell J	2,813
Hrynyshyn, James L	899	Matthews, Ioan Patrick	3,617
Hubert, Andrew	988	Maund, Corey James	1,052
Hurley, Lisa	2,017	McCabe, Maureen	1,191
Huynh, Dang	3,781	McCabe, Stephanie Nicole	2,800
Huynh, Long H	709	McCagg, Natasha	2,249
Huynh, Tho	3,398	McCagg-Nystrom, Heather	1,377
Hval, Ashley-Ann Noel	3,211	McCallum, Christopher Arnold	2,216
Hval, Lora Cheryl	6,216	McCann, Shawn Margaret	7,680
Jacklin, Truman B L	849	McCann, Tim Richard	4,526
Jarvis, Norma J	2,600	McCordic, Frederick O	3,441
Johnson, Dale Bradley	6,291	McDaniel, Gabriel James	2,718
Johnson, Karen Jean	1,754	McGregor, Fiona Jayne	778
Johnson, Shelley Ann	3,857	McIsaac, Francis James	1,425
Johnston, Dale J	1,863	McKay, Cheryl I	520
Jones, Andrew Morgan	1,578	McLachlan, Corey A	5,392
Jones, Leslie-Anne	1,827	McNeice, Julie A	4,400
Jones, Nicola	1,655	McNeil, Crystal M	4,603
Kaesar, Christina	1,403	Metcalfe, Johnathan T	4,757
Kailek, Shelley	4,516	Mitchener, Darryl T	1,778
Kasteel, Trevor James	3,989	Mohr, Erin	3,200
Kaye, Annie	9,852	Monroe, Elizabeth A	4,077
Kelly, Allicia P L	4,735	Mulders, Annemieke Aurora	1,603
Kenny, Irene M	2,576	Murphy, Chris M	2,893
Kenny, Phoebe	3,858	Muyres, Lesley	3,452
Keppel, Richard	1,511	Napier, Colleen	1,673
Keyes, Mary Katherine	2,937	Naugler, Tara	1,841

STUDENT LOAN REMISSIONS (continued)

Navratil, Crystal	4,581	Smith, Glenn Norris	3,321
Nelson, Margaret	4,316	Smith, Heather D.	2,258
Nendsa, Norman F.	3,409	Smith, Peter Douglas	3,266
Nickerson, Leanne C.	3,200	Smith, Steve	2,017
Nielsen, Sandra Celine	6,697	Snodgrass, Trenton Charles	1,400
Nielsen, Stephen	5,200	Snyder, Alana D'Lee	1,246
Nitsiza, Eva	10,000	Sprecher, Dawn	6,783
Nowak, Kristin	5,200	St. Germaine, Vicki	4,500
Nyyssonen, Erika	3,277	St. Julian, Chase Allen	2,543
Oake, Dean R.	4,461	Stevens, Kelly J.	6,201
O'Connor, Colleen K.	8,845	Stewart, Andrew Laird	3,694
Oosenbrug, Joslyn Doherty	1,206	Stewart, Bruce W.	4,297
O'Rourke, Erin Dianne	4,691	Stewart, Meghan Ann	3,310
Osted, Katherine Elise	2,214	Stinson, Starr	2,893
O'Toole, Christine N. E.	4,757	Stoodley, Gary E.	6,700
Otto, Matthias Paul Anton	9,489	Strain, Darin	6,276
Oxford, Andrew	4,400	Straker, Benji	3,441
Parchoma, April Richeal	2,200	Straker, Evelyne C.	3,321
Parchoma, Elyse Andrea	1,786	Stringer, Jeremy J.	1,041
Pascal, Olive	1,129	Stryde, Richard Steadman	3,332
Patterson, Gloria Rashid	2,102	Sundberg, Jill N.	3,485
Penkala, Matthew W.	2,718	Swallow, Michelle	3,113
Perraud, Patrick Worrall	5,535	Swartzentruber, Shannon C.	2,633
Peterson, Karla Leone	2,740	Tessema, Abemelek Getachew	1,337
Pilon, Jonathon Conrad Jr.	3,430	Thai, Tuan	1,142
Pilote, Serge J. P.	5,200	Tolley, Charles Henry	5,239
Pin, David A.	1,469	Tomkins, Lee-Anne Michele	1,804
Pond, Cory	1,813	Turner, David James	510
Posynick, Jon	2,565	Van Dyke, Benjamin D.	3,200
Powell, Christopher William	1,879	Van Metre, Kimberley	5,535
Praamsma, Jennifer	4,975	Van Zwanenburg, Ted	4,400
Prescott, Ann Loraine	927	Vaughan, Helen	7,058
Purchase, Kathleen E.	3,131	Vermillion, Misty L.	4,680
Pye, Deanne M.	1,754	Villebrun, Henry	3,816
Ramm, Michelle R.	2,389	Vivian, Krista M.	1,498
Ransom, Angela Catherine	567	Waddell, Robert James	2,411
Readman, Niada L.	4,318	Wagner, Nicole Shannon	2,861
Reid, Stacy C.	4,800	Walsh, Janice Renee	2,630
Reynolds, Theresa R.	997	Walsh, Kerry Ann	10,976
Riddell, Sara D.	4,362	Ward, Tracey L.	4,647
Robertson, Scott	1,337	Wasyikiw, Tasha	5,064
Robinson, Craig Robert	4,296	Waugh, Tracy M.	4,066
Robles, Alexandra Rowena	4,121	Webb, Christine M.	1,304
Rose, Erin Kelly	3,162	Westcott, David Michael	936
Rose, Kent Charles	2,389	Wettig, Darren Stewart	3,748
Ross, Craig Stanley	2,200	Whitehead, Kevin P.	4,581
Round, Coralee Dawn	7,760	Wilkinson, Jennifer	4,165
Rouse, William	7,310	Willms, Wendy	2,411
Ruddick, David E.	4,209	Wilson, Brandy Ann	4,526
Rudkevitch, Darwin	7,606	Windle, Sarah Emily	1,534
Scantland, Tanya F.	3,496	Wood, Quintin D.	3,102
Schauerte, Gary Steven	1,501	Woodham, Matthew James	2,466
Schauerte, Tina Marie	3,537	Woods, Graeme	3,025
Selinger, Mindy Dawn	1,085	Worsley, Debra A.	3,046
Semjanovs, Roslyn C.	1,973	Wourms, Jill	7,727
Shannon, Christina F. E.	2,532	Wowk, Jeffrey	4,800
Shea, Cherie	3,044	Wowk, Meagan Elizabeth	4,154
Silverthorn, John H.	5,000	Wyse, John William Micheal	7,398
Sluggett, Michael W.	3,121		
Smith, Angeline M. B.	2,466		
Smith, Bernard Archibald	1,780	**Total loan remissions over $500**	**1,246,157**
Smith, Clinton G.	1,249	**Miscellaneous remissions under $500.**	**5,365**
Smith, D. Bruce	2,492	**Total loan remissions**	**$1,251,522**

Government of the Northwest Territories

Schedule 12

Non-Consolidated Schedule of Recoveries of Debts and Student Loans Previously Written Off

for the year ended March 31, 2003

Executive	
Reed, Shawn	$ 669
	669
Municipal and Community Affairs	
Camsell, Ernie	123
Francis, John James	200
Gardebois, Clarence	1,493
Gonet, John	150
Horassi, George	155
Weyallon, Leon	148
	2,269
Public Works and Services	
Audla, Anthony	24
Green, Peter	50
McLeod, Ellen N.	800
Menicoche-Moses, Lorayne	5,278
Mid Town Market	60
Nowdlak, Nancy	25
	6,237
Health and Social Services	
Blake, Arthur	70
Buckley, June	267
Butz, Paula	100
Doyle, Diane, Estate of	46,688
Hann, S. Gerald	878
Martineau, Brian J.	50
Plamondon, Noel	98
Poole, Stephanie	93
Wasserman, Eugene	121
	48,365
Justice	
Desjarlais, Yvonne	455
	455
Education, Culture and Employment	
Aissaoui, Annie	1,200
Beaverhoe, Louisa	548
Beckwith, Melinda Hazel	88
Billotsoton, George	2,420
Blanchard, Constance	520
Bugg, Steven Brent	1,407
Burton, Deborah	25
Callaghan, Shari Anne	15
Daniels, Kevin	162
Dook, Margaret	424
Dyck, Carol Ann	879
Falsnes, Oliver	48
Francis, Ernie G.	975
Gargan, Sandra	265
Hall, Glenn J.	1,623
Henderson, Chris (Luther)	489
Irvine, Simone Renee	50
Lamalice, Ricky James	84
Larabie, Dianne	1,235
Loutitt, Charlotte Rose	418
Mackeinzo, Ronald Bobby	996
Marsollier, Clinton	35
Marten, Marlyn	4,216

Education, Culture and Employment (continued)	
McKay, Darryll James	1,045
McKay, Michelle Therese	4,965
Mercredi, Joe	104
Michel, Diane G.	22
Michel, Pauline	831
Modeste, Andrew	700
Moore, Cheryl	2,450
Nayally, Karl	201
Nguyen, Hoang Dung	1,161
Nitsiza, Eva	13,536
Obyrne, Ruby	981
Palvialok, William	135
Paul, David Brendan	184
Piche, Monika	31
Plamondon, Margaret	480
Pomfrey Gary Bryan Douglas	7
Ruben, Ruby Ann	207
Saint, Jay A.	600
Sanguez, Stanley	415
Simard, Michelle Brandy	3,771
Stewart, Kurt Alexis	166
Suziecho, Andrew	62
Tavalok, Abel	789
Thomas Lee Jeannette Reina	530
Tricoteux, Bradley Ray	192
Wahshee, James Jason	455
Yakelaya, Raymond	300
	52,442
Resources, Wildlife and Economic Development	
Bonnetplume, Ernest	49
Brule, Vital	121
Inglangasuk, Ida	42
Komangapik, Kitty Panikpak	2,386
Lafferty, Jonas	26
Marcus, Ruben	16
McLeod, Mike	16
Tailbone, George	50
	2,706
Total Debts Recovered	**$ 113,143**

Government of the Northwest Territories

Schedule 13

Non-Consolidated Schedule of Overdue Travel Advances

as at March 31, 2003

Overdue travel advances represent travel advances which have not been accounted for by an expense claim within 10 working days of the return date given on the travel authorization.

Justice	
Cli, Cheryl May	$ 375
Debastien, Matilda Mary	140
Edgi, Violet	300
Ouellette, Darrel J.	300
Tourangeau, Donald M.	200
Tuccaro, Raymond	453
	1,768
Transportation	
Forrest, Kevin Gordon	85
Hamilton, Roy	500
Lafrance, Michel	2,500
Murphy, Stephen R.	227
Poirier, George Maurice	265
	3,577
Total overdue travel advances	**$ 5,345**

Government of the Northwest Territories

Schedule 14

Non-Consolidated Schedule of Lease Commitments

for the year ended March 31, 2003
(thousands of dollars)

		2004	2005	2006	2007	2008	2009-2020	Total
Yellowknife	Commercial	$ 7,636	$ 6,566	$ 5,657	$ 3,488	$ 3,071	$ 8,282	$ 34,700
	Residential	295	295	295	296	227	370	1,778
		7,931	**6,861**	**5,952**	**3,784**	**3,298**	**8,652**	**36,478**
Fort Smith	Commercial	1,528	1,145	1,140	1,031	762	3,741	9,347
		1,528	**1,145**	**1,140**	**1,031**	**762**	**3,741**	**9,347**
Inuvik	Commercial	1,136	1,053	711	640	463	1,821	5,824
	Residential	344	344	344	340	317	1,748	3,437
		1,480	**1,397**	**1,055**	**980**	**780**	**3,569**	**9,261**
		$ 10,939	**$ 9,403**	**$ 8,147**	**$ 5,795**	**$ 4,840**	**$ 15,962**	**$ 55,086**

Government of the Northwest Territories

Schedule 15

Non-Consolidated Schedule of Guarantees

for the year ended March 31, (thousands of dollars)	2003	2002
Loans payable by the Northwest Territories Housing Corporation to Canada Mortgage and Housing Corporation and Canada	$ 27,225	$ 27,754
Sinking fund debentures issued by the Northwest Territories Power Corporation		
a) maturing March 9, 2009	20,000	20,000
b) maturing June 6, 2011	15,000	15,000
c) maturing May 28, 2012	20,000	20,000
d) maturing October 27, 2018	10,000	10,000
e) maturing February 27, 2026	8,700	8,700
f) maturing December 18, 2032	20,000	-
Debenture series issued by the Northwest Territories Power Corporation		
a) maturing May 1, 2025	7,475	7,563
b) maturing October 1, 2025	7,494	7,582
c) maturing September 1, 2026	8,478	8,576
Loans payable by the Northwest Territories Power Corporation		
a) banker's acceptance	6,000	8,000
b) floating rate capital loan facility	-	20,000
Guarantee of operating lines of credit	17,010	17,820
Guarantee of residential housing loans	8,100	2,615
	$ 175,482	**$ 173,610**

Government of the Northwest Territories

Schedule 16

Non-Consolidated Schedule of Overdue Accountable Advances Related to Previous Fiscal Years

for the year ended March 31, 2003

	Date Issued	
Executive		
Arctic Energy Alliance	February 4, 2002	$ 22,500
Aurora College, South Slave Research Centre	January 21, 2002	7,659
Canadian Bar Association, N.W.T. Branch	April 1, 2001	15,000
Inuvialuit Regional Corporation	April 1, 2001	70,000
N.W.T. Treaty 8 Tribal Council	June 30, 2000	10,000
National Round Table on the Environment and Economy	June 14, 2001	20,000
Northwest Territory Metis Nation	January 21, 2001	50,000
		195,159
Municipal and Community Affairs		
Fort Good Hope Metis Local #54 Financial Corporation	September 10, 2001	9,000
Fort Norman Metis Land Corporation	March 13, 2002	3,217
Tulita Dene Band	March 4, 2002	5,220
Yamoga Lands Corporation	March 14, 2002	3,454
		20,891
Justice		
Hamlet of Tuktoyaktuk	April 30, 2001	3,000
Eileen Koe	July 10, 2000	5,242
Tl'oondih Healing Society	May 30, 1999	10,000
Tsiigehtchic Charter Community	May 30, 2001	3,000
Alcantara Outfitting	July 11, 2001	13,504
K'asho Got'ine Charter Community Council, Community Wellness Program	May 30, 2001	23,500
		58,246
Resources, Wildlife and Economic Development		
Natural Resources Canada	January 12, 2001	50,000
Joint Secretariat for the Inuvialuit Renewable Resource Comm.	December 7, 2001	9,580
Joint Secretariat for the Inuvialuit Renewable Resource Comm.	February 15, 2001	35,199
Cece McCauley	March 18, 2002	5,000
		99,779
Total		**$ 374,075**

Non-Consolidated Schedule of Projects for Canada, Nunavut and Others - Expenditures Recovered

for the year ended March 31, 2003

Legislative Assembly	
Official Languages Act - NWT Aboriginal Communities Participation	$ 100,000
Official Languages Act - Francophone Participation	50,000
Official Languages	30,208
	180,208
Executive	
Executive Offices	
Secondments	84,075
Institution Building for Northern Russian Indigenous Peoples	72,119
French Languages	4,927
	161,121
Financial Management Board Secretariat	
Equal Pay Litigation	983,673
Secondments	19,341
Comptroller General of Canada Conference	8,700
French Languages	5,854
	1,017,568
Aboriginal Affairs	
Intergovernmental Forum	1,332,403
Devolution Negotiations	497,300
Secondments	412,320
Gwich'in Land Claims Implementation	114,871
Inuvialuit Implementation	101,453
Sahtu Land Claims Implementation	80,981
	2,539,328
	3,718,017
Finance	
Statistics Canada	24,896
French Languages	1,636
	26,532
Municipal and Community Affairs	
Taxed Based Water / Sewer Cost Shared	1,860,000
Community Training Program	230,000
Aboriginal Summit	157,497
Search and Rescue Prevention	46,262
Inuvialuit Final Agreement	24,738
Interprovincial Sport and Recreation Council	20,000
French Languages	12,000
Gwich'in Land Claim	1,874
Sahtu Land Claim	524
	2,352,895

Schedule of Projects for Canada, Nunavut and Others - Expenditures Recovered

for the year ended March 31, 2003

Public Works and Services

Aurora College - Inuvik	278,180
Inuvik Regional Hospital	278,219
Aurora College - Fort Smith	423,543
Panda I tenant improvements	217,348
French Languages	95,109
Beaufort / Delta Divisional Board	94,399
Helen Kalvak School Project management service	91,029
Mildred Hall School fuel tank removal	40,000
Ecole Alaine St. Cyr	38,210
Panda I Project management services	17,901
Aurora College - Yellowknife	11,078
Systems and Computer Services - Nunavut Agreement	6,821
Gwich'in Land Claims	1,000
	1,592,837

Health and Social Services

Hospital Insurance and Health and Social Services Administration	7,404,390
Federal Indian Health Policy (portion funded by contract)*	4,525,074
Home and Community Care	3,170,825
Brighter Futures	3,043,073
Co-Payments Non-Insured	1,482,240
Canada Pre-natal Nutrition Program	697,214
Aboriginal Diabetes Initiative	463,049
Primary Health Care Transition Fund	396,976
WestNet Tele-Ophthalmology Projects	270,000
Northern Native Alcohol and Drug Addiction Program	260,949
Official Languages	181,464
Nunavut Services Agreement	173,420
Brighter Futures - Program Management	130,647
NWT National Diabetes Surveillance System	90,151
Tobacco Control Strategy	56,313
Fetal Alcohol Syndrome / Effects	39,648
Aboriginal Languages	29,347
Tobacco Control Program	27,149
Social Services Lead Province Fund	12,916
	22,454,845

* The costs of this federal program exceed funding by $1.6 million for a total of $6.2 million. The unfunded portion of the program's costs are included in the Department of Health and Social Services' operational costs.

Schedule of Projects for Canada, Nunavut and Others - Expenditures Recovered

for the year ended March 31, 2003

Justice

Exchange of Services - Nunavut Inmates	1,697,347
Official Languages - French	489,620
Family Law Initiative	140,921
Public Trustee - Estates clerk	77,200
Youth Criminal Justice Act - Training	75,500
Youth Criminal Justice Act - Implementation Contingencies	75,100
Community Constable Program	67,860
Legal Services for NWTHC	50,000
Police Discretion Guidelines	48,057
Youth Criminal Justice Act - Re-integration Planning and Support	47,432
Community Justice Co-ordinator Training Project	40,883
Youth Criminal Justice Act - New Legislation	40,000
NWT Law Foundation Library Project	40,000
Youth Criminal Justice Act - Contingency Planning and Support	38,500
Dogrib Community Government Legislation	34,368
Sahtu Land Claims	31,065
Gwich'in Land Claims	25,683
Victims Assistance Program	25,000
Law Society of the NWT Library Project	20,000
Proceeds of Crime Initiative	16,789
Victims Services - Workshop for Volunteers	16,589
	3,097,914

Education, Culture and Employment

Labour Market Development Agreement	5,116,349
Aboriginal Languages	1,870,653
Secretary of State - French	1,122,000
Income Support	830,925
Translation and interpretation	809,871
Prince of Wales Northern Heritage Centre - gallery upgrade	350,000
University College Entrance Program	276,590
Museums	156,781
Smart Communities	97,822
Interchange Canadian Studies	64,683
Archives database	46,199
Gwich'in Land Claims	45,019
Post Secondary Students - Millennium Scholarship	40,000
Sahtu Land Claims	32,000
Archives Database Integration	20,000
Inuvialuit Skin Clothing Project	19,673
Preservation management	18,000
NWT Virtual Library Project	15,000
Aurora College - Inuvik student residence	13,000
Bern Will Brown Photo Duplication	11,202
Control of Holdings	9,180
Journeys of Nuligak	2,746
	10,967,693

Government of the Northwest Territories

Schedule of Projects for Canada, Nunavut and Others - Expenditures Recovered

for the year ended March 31, 2003

Transportation	
Community Aerodrome Radio Services Agreement / Air Navigation Services	3,287,662
Delta Ice Road upgrading	802,704
Coast Guard Minor Works	449,765
National Safety Code	174,506
Alberta road maintenance	60,018
Phase II environmental assessment	28,155
French Languages	20,279
Hay River Corridor maintenance	3,919
Airport rodeo	500
	4,827,508
Resources, Wildlife and Economic Development	
Inuvialuit Land Claim Implementation	3,087,573
Secondments	192,071
Sahtu Land Claims Implementation	165,182
Gwich'in Land Claims Implementation	133,000
Petroleum Data Acquistion	98,000
Web Gateway Development	95,324
Slave Geological Province - research and monitoring	80,000
Sahtu Geographic Information System Project	78,045
Digital satellite	77,510
Wolverine Study	70,721
Geoscience Documents Digital Conversion	62,784
Dall sheep study	32,363
French Languages	31,868
Bison Control Program	26,300
Sahtu Banding Project	25,188
Ecosystem Classificiation System	21,500
NWT Protected Area Strategy Implementation	20,000
Wildlife Health in the Sahtu	16,000
Northern Contaminants Program	11,950
South Slave Trapper activity	9,000
Daring Lake Breeding Bird surveys	5,000
Tree Phenology study	3,000
	4,342,379
Total	**$ 53,560,828**

Public Accounts

Northwest Territories • 2002-2003

Section III Supplementary Financial Statements

Northwest Territories

PUBLIC ACCOUNTS

OF THE

GOVERNMENT OF THE NORTHWEST TERRITORIES

FOR THE YEAR ENDED MARCH 31, 2003

SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS

HONOURABLE JOE HANDLEY

Minister of Finance

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SECTION III

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Aurora College

Financial Statements

for the year ended
June 30, 2002

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AURORA COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Aurora College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed by the Board of Governors. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Management's best estimates and judgements have been used in the preparation of these statements, where appropriate. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance Committee of the Board, which is composed of a majority of Members who are not employees of the College. The Finance Committee meets regularly with management and the external auditors have full and free access to the Finance Committee.

The College's external auditor, the Auditor General of Canada, audits the financial statements and issues her report thereon to the Minister of Education, Culture and Employment.

Maurice Evans
President

Edith Weber
Bursar/Chief Financial Officer

Fort Smith, Canada
October 11, 2002

AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Minister of Education, Culture and Employment
Government of the Northwest Territories

I have audited the balance sheet of the Aurora College as at June 30, 2002 and the statements of operations and equity and cash flow for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the College and the financial statements are in agreement therewith and the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Public Colleges Act* and regulations and by-laws of the College.

Roger Simpson, CA
Principal
for the Auditor General of Canada

Edmonton, Canada
October 11, 2002

AURORA COLLEGE

BALANCE SHEET
as at June 30, 2002
(thousands of dollars)

	2002	2001
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	$ 1,859	$ 3,078
Accounts receivable (Note 4)	1,730	860
Prepaid expenses	65	186
	3,654	4,124
Capital assets (Note 5)	**3,299**	3,234
	$ 6,952	$ 7,358
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,672	$ 1,832
Employee leave pay	920	1,059
Due to the Government of the Northwest Territories	450	155
Deferred project income	427	208
Current portion of employee future benefits	195	206
	3,664	3,460
Deferred capital contributions	**356**	143
Professional development fund (Note 6)	**510**	477
Employee future benefits (Note 7)	**780**	822
	5,310	4,902
EQUITY (Note 8)	**1,642**	2,456
	$ 6,952	$ 7,358

Commitments (Note 11)

Approved by the Board:

Earl Jacobson
Chairperson of the Board

Gina Dolphus
Chairperson of the Finance Committee

The accompanying notes are an integral part of the financial statements.

AURORA COLLEGE

STATEMENT OF OPERATIONS AND EQUITY
for the year ended June 30, 2002
(thousands of dollars)

	2002	2001
REVENUE		
Government contributions (Note 9)	$ 23,683	$ 22,555
Project income		
Territorial government	3,909	3,036
Federal government	696	335
Other	1,449	875
Tuition fees	1,500	1,339
Room and board	722	679
Investment income	105	246
Other	895	605
TOTAL REVENUE	**32,959**	29,670
EXPENSES		
Compensation and benefits	17,994	16,771
Contract services	8,118	6,565
Materials and supplies	2,643	2,205
Utilities	1,317	1,363
Fees and payments	1,383	1,177
Travel and accommodation	1,236	1,074
Communication, postage and freight	688	454
Amortization of capital assets	394	337
TOTAL EXPENSES	**33,773**	29,946
(DEFICIT)	**(814)**	(276)
EQUITY AT BEGINNING OF YEAR	**2,456**	2,732
EQUITY AT END OF YEAR	**$ 1,642**	$ 2,456

The accompanying notes are an integral part of the financial statements.

AURORA COLLEGE

CASH FLOW STATEMENT
for the year ended June 30, 2002
(thousands of dollars)

	2002	2001
Cash flows from operating activities		
(Deficit)	**$ (814)**	$ (276)
Non-cash transactions:		
Loss (Gain) on disposal of capital assets	5	(15)
Amortization of deferred capital contributions	(45)	(18)
Amortization of capital assets	394	337
	(460)	28
Changes in non-cash items		
Accounts receivable and prepaid expenses	(749)	153
Accounts payable and other current liabilities	215	(88)
Employee future benefits	(53)	79
Professional development fund	34	183
	(553)	327
Cash (used by) generated from operating activities	**(1,013)**	355
Cash flows from financing activities		
Capital contributions	**259**	136
Cash flows from investing activities		
Proceeds from sale of equipment	20	15
Acquisition of capital assets	(485)	(997)
Cash used by investing activities	**(465)**	(982)
Net (decrease) in cash	**(1,219)**	(491)
Cash and cash equivalents at beginning of year	**3,078**	3,569
Cash and cash equivalents at end of year	**$ 1,859**	$ 3,078

The accompanying notes are an integral part of the financial statements.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2002

1. AUTHORITY AND MANDATE

The Aurora College is established under the *Public Colleges Act*. The College is a territorial corporation under the *Financial Administration Act* and is exempt from income taxes.

Aurora College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities throughout the NWT. Through the work of the Aurora Research Institute, the College is also responsible for the facilitation and preparation of research activity in the NWT.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A summary of significant accounting policies follows:

a) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the College to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the College believes the estimates and assumptions to be reasonable. One of the more significant management estimates relates to determining the liability for employee future benefits.

b) Capital assets

Capital assets transferred to the College when it was established were recorded at their estimated fair market value. Subsequent acquisitions are recorded at cost. Capital assets are amortized over their estimated remaining lives on a straight-line basis at the following annual rates:

Furniture and equipment	20 - 40%
Mobile equipment	10 - 33.33%
Building additions and renovations	5%
Leasehold improvements over the term of the lease	

c) Employee future benefits

Pension benefits
Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The College's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the College and are charged to operations on a current basis. The College is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Non-pension benefits
The College is required to recognize certain non-pension post-employment benefits over the periods which employees render services to the College. Employees are entitled to specified benefits on termination as provided for under conditions of employment, through a severance benefit plan. The College recognizes the cost of future severance benefits over the periods in which the employees render services to the entity and the liability for these benefits is recorded in the accounts as the benefits accrue to employees.

d) Government contributions and deferred capital contributions

Under a contribution agreement with the Government of the Northwest Territories (the Government) dated January 25, 1995, the College receives contributions for its operations and capital requirements for the administration and delivery of its adult and post-secondary education programs. Under the terms of this agreement, the College is allowed to retain all surpluses and is responsible for all deficits.

Contributions from the Government are the amounts set out in the Government's Main Estimates, as adjusted by supplementary appropriations, and represent the majority of the funding for the College to cover its expenses. Contributions for operating expenses are recognized on the statement of operations and equity in the College academic year for which it is approved. Contributions for depreciable capital assets are deferred and amortized on the same basis and in the same periods as the underlying capital assets.

e) Project income and deferred project income

The College provides education and research services to outside parties through contractual arrangements. Payments received under these contracts for which the development and delivery of projects is not completed are recorded as deferred project income until completion.

f) Contract services

Contract services are acquired by the College through contractual arrangements. They include printing services, advertising, building and equipment repairs, software development, curriculum development, food service contracts, janitorial contracts, instruction contracts, leases and rental agreements. These amounts are charged as an expense in the year the service is rendered.

3. CASH AND CASH EQUIVALENTS

The College's cash balances are pooled with the Government's surplus cash and are invested in a diversified portfolio of high-grade short term income producing assets. The cash can be withdrawn from the bank accounts at any time and is not restricted by maturity dates on investments made by the Government. The Department of Finance approves the eligible classes of securities, categories of issuers, limits and terms. All instruments, depending on their investment class, are rated R-1 Middle Low or better by the Dominion Bond Rating Service Ltd. The College's average annual investment yield for the year ended June 30, 2002 was 2.63% (2001 5.13%.)

4. ACCOUNTS RECEIVABLE

	2002 (thousands of dollars)			2001
	Accounts Receivable	Allowance	Net	Net
Government contributions	$ 115	$ -	$ 115	$ 257
Project income				
- Government	683	2	681	285
- Other	886	66	820	229
Students	403	295	108	75
Advances	6	-	6	14
	$ 2,093	$ 363	$ 1,730	$ 860

All receivables are currently due and the fair value of these receivables approximates their carrying value.

5. CAPITAL ASSETS

	2002 (thousands of dollars)			2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	$1,055	$ 574	$ 481	$ 128
Mobile equipment	1,961	965	996	1,076
Leasehold improvements	782	503	279	387
Building additions and renovations	1,991	448	1,543	1,643
	$ 5,789	$ 2,490	$3,299	$3,234

6. PROFESSIONAL DEVELOPMENT FUND

Under collective agreements, the College is required annually to make available a specific amount of funding, against which approved instructor professional development expenses are charged. The balance represents the accumulated unspent amount of the College's obligation to instructors.

7. EMPLOYEE FUTURE BENEFITS

Pension benefit

During the year the Public Service Superannuation Plan (PSSA) required the College to contribute to the PSSA at a rate of 2.14 times the employees' contributions. Employer contributions to the PSSA during the year were approximately $1,322,000 (2001- $1,200,000).

8. EQUITY

The equity balance includes the net book value of capital assets transferred to the college when it was established and the results of operations since that date. The following appropriations have been made from equity:

(thousands of dollars)

Appropriated equity:	Balance, opening	Net deficit	Appropri-ated	Used in Operations	Balance, ending
a) Program delivery	$ 117	$ -	$ -	$ -	$ 117
b) Research & development	68	-	24	(16)	76
c) HEO replacement & maintenance	84	-	80	-	164
d) Restricted Donations	5	-	26	(10)	21
Unappropriated equity:	2,182	(814)	(130)	26	1,264
Total equity	**$2,456**	**$ (814)**	**$ -**	**$ -**	**$1,642**

a) Appropriated for Program Delivery

This appropriation is established to cover program costs contemplated in the annual Programs and Services Proposal prepared by the College, for which Government funding has not been approved. Allocations to and from this appropriation must be approved by the Board of Governors.

b) Appropriated for Research & Development

This appropriation is established to help fund research and development of the Research Associate and Fellowship programs at the Aurora Research Institute (ARI). Annually all unencumbered ARI administration revenue after fulfillment of third party contracts is transferred to this appropriation. Use of the appropriation must be approved by the Research Advisory Council.

c) Appropriated for HEO (Heavy Equipment Operator) Replacement & Maintenance

This appropriation is established to help fund replacement and maintenance of the HEO program heavy equipment. Annually net equipment rental fees charged to the third party contractors for HEO courses are transferred to this appropriation. Use of the appropriation must be approved by the Board of Governors.

d) Restricted Donations

From time to time, the College receives donations from individuals and corporations with conditions attached to them. In order to ensure that the wishes of the contributors are carried out, the donations are transferred to restrict donations until the conditions are met.

9. GOVERNMENT CONTRIBUTIONS

	2002	2001
	(thousands of dollars)	
Operating contributions	$ 23,652	$ 22,523
Amortization of deferred capital contributions	45	18
Other	(14)	14
	$ 23,683	**$ 22,555**

10. RELATED PARTIES

The College is related in terms of common ownership to all Government created departments, agencies and Crown corporations. The College enters into transactions with these entities in the normal course of business at normal trade terms.

Expenses

Under terms of administrative agreements, the Government provides and charges for certain support services to the College. The College reimbursed the Government $1,774,000 (2001 - $1,093,000) for facility operating and utility costs, employee benefits and other expenses recorded in these statements.

Services Provided Without Charge

Additional services provided by the Government without charge to the College include payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services. These services would have cost the College an estimated $540,000 (2001 - $363,000).

The College also receives from the Government, without any rental charges, the use of facilities for two of its campuses, certain student housing units and community learning centres. The cost of these services provided without charge are not included in these financial statements.

11. COMMITMENTS

In addition to facilities provided by the Government, the College has operating leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to basic payments as follows:

	(thousands of dollars)
2003	$ 2,719
2004	2,691
2005	2,625
2006	2,571
2007	2,528
thereafter	11,989
	$ 25,123

Workers' Compensation Board
(Northwest Territories and Nunavut)

Financial Statements

for the year ended
December 31, 2002

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Workers' Compensation Board is responsible for the preparation, integrity and objectivity of the financial statements and related information presented in this Annual Report. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and have been approved by the Board of Directors. Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

Management has developed, and maintains, books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Northwest Territories and Nunavut *Workers' Compensation Acts* and regulations, the Northwest Territories and Nunavut *Financial Administration Acts* and regulations, and policies of the Board. The Board of Directors ensures that management fulfils its responsibilities for financial reporting, internal control and safeguarding assets.

The Board oversees management's responsibilities for financial reporting, and reviews and approves the financial statements. The Auditor General of Canada annually provides an independent, objective audit of the financial statements for the purpose of expressing her opinion on these financial statements. She also considers whether the transactions that come to her notice in the course of this audit are, in all material respects, in accordance with the specified legislation.

Hewitt Associates, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of the actuarial valuation of the future benefits liability of the Workers' Compensation Board.

Penny Ballantyne,
President

Louise Dundas Matthews,
Chief Financial Officer

March 28, 2003

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Ministers of the Workers' Compensation Board
of Northwest Territories and Nunavut

I have audited the balance sheet of the Workers' Compensation Board of Northwest Territories and Nunavut as at December 31, 2002 and the statements of operations, reserves and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Northwest Territories and Nunavut *Financial Administration Acts*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Board, and the financial statements are in agreement therewith and the transactions of the Board that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the Northwest Territories and Nunavut *Financial Administration Acts* and regulations and the Northwest Territories and Nunavut *Workers' Compensation Acts* and regulations.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
March 28, 2003

WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
BALANCE SHEET
as at December 31, 2002
(in thousands of dollars)

	2002 $	2001 $
ASSETS		
Current		
Cash and cash equivalents *(Note 3a)*	**6,354**	3,821
Accrued interest receivable	**623**	568
Assessments receivable	**2,077**	2,443
Prepaid expenses	**131**	120
Other receivables	**39**	15
	9,224	6,967
Investments *(Note 3b)*	**249,663**	255,216
Capital assets, net *(Note 4)*	**4,698**	4,463
	263,585	266,646
LIABILITIES AND RESERVES		
Current liabilities		
Accounts payable and accrued liabilities	**3,402**	2,332
Assessments refundable	**692**	1,322
Obligation under capital lease, current portion *(Note 5a)*	**252**	232
	4,346	3,886
Benefits liability *(Note 7)*	**205,541**	198,793
Obligation under capital lease *(Note 5a)*	**2,160**	2,412
	212,047	205,091
Reserves		
Operating reserve	**10,010**	42,372
Rate subsidy reserve	**22,000**	-
Safety reserve	**178**	178
Catastrophe reserve	**19,350**	19,005
	51,538	61,555
	263,585	266,646

CONTINGENCIES *(Note 9)*

Approved by Management:

President

Chief Financial Officer

Approved by the Board of Directors:

Chairperson

See accompanying notes and schedule.

WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
STATEMENT OF OPERATIONS
For the year ended December 31, 2002
(in thousands of dollars)

	2002 $	2001 $
REVENUE		
Assessments	**20,079**	15,601
Investment revenue *(Note 3c)*	**13,936**	22,452
Recoveries	**873**	798
	34,888	38,851
EXPENSES		
Cost of Claims, current year *(Note 7)*	**25,263**	26,501
Cost of Claims, prior years *(Note 7)*	**6,486**	11,656
	31,749	38,157
Administration and general expenses *(Schedule)*	**13,156**	12,098
	44,905	50,255
Loss from operations	**(10,017)**	(11,404)

See accompanying notes and schedule.

WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
STATEMENT OF RESERVES
as at December 31, 2002
(in thousands of dollars)

	2002 $	2001 $
Operating reserve *(Note 8a)*		
Balance, beginning of year	**42,372**	53,234
Net loss for the year	**(10,017)**	(11,404)
Transfer to Rate Subsidy reserve	**(22,000)**	-
Transfer from Safety reserve	**-**	47
Transfer to Catastrophe reserve	**(345)**	(1,005)
Transfer from Special reserve	**-**	1,500
Balance, end of year	**10,010**	42,372
Rate subsidy reserve *(Note 8b)*		
Balance, beginning of year	**-**	-
Transfer from Operating reserve	**22,000**	-
Balance, end of year	**22,000**	-
Safety reserve		
Balance, beginning of year	**178**	225
Transfer to Operating reserve	**-**	(47)
Balance, end of year	**178**	178
Catastrophe reserve *(Note 8c)*		
Balance, beginning of year	**19,005**	18,000
Transfer from Operating reserve	**345**	1,005
Balance, end of year	**19,350**	19,005
Special reserve		
Balance, beginning of year	**-**	1,500
Transfer to Operating reserve	**-**	(1,500)
Balance, end of year	**-**	-

See accompanying notes and schedule.

WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
STATEMENT OF CASH FLOWS
For the year ended December 31, 2002
(in thousands of dollars)

	2002 $	2001 $
OPERATING ACTIVITIES		
Cash received from:		
Employers for assessments	**20,664**	16,446
Investment revenue on short term investments	**98**	105
Cash paid to:		
Claimants or third parties on their behalf	**(24,297)**	(18,295)
Suppliers for administration and other goods and services	**(12,119)**	(15,521)
Cash used in operating activities	**(15,654)**	(17,265)
INVESTING ACTIVITIES		
Transfers from investment managers	**19,336**	18,493
Purchases of capital assets	**(1,149)**	(314)
Cash provided by investing activities	**18,187**	18,179
Increase in cash and cash equivalents	**2,533**	914
Cash and cash equivalents, beginning of year	**3,821**	2,907
Cash and cash equivalents, end of year	**6,354**	3,821

See accompanying notes and schedule.

Note 1 Authority, Mandate and Operations

The Workers' Compensation Board (the Board) was established by, and is responsible for the administration of the *Workers' Compensation Act*. Effective April 16, 1996, the Board also assumed responsibility for safety enforcement under the *Mine Health and Safety Act*, the *Safety Act* and the *Explosives Use Act*. Effective April 1, 1999, the Board also assumed responsibility for the administration and enforcement of the *Workers' Compensation Act*, the *Mine Health and Safety Act*, the *Safety Act* and the *Explosives Use Act* for the Government of Nunavut.

The mandate of the Board is to provide compensation for injury or death by accident arising out of, and in the course of, employment. Assessments required to meet the costs of compensation, pension awards and administration are levied upon employers on the basis of a percentage of their assessable payroll. In addition, the mandate of the Board includes accident prevention. The NWT Operations and Nunavut Operations divisions are responsible for developing safety awareness and for monitoring safety in the workplace.

The *Nunavut Act* created the Nunavut Territory effective April 1, 1999, resulting in the division of the Northwest Territories. The Government of the Northwest Territories and the Government of Nunavut have signed an Inter-Governmental Agreement for a shared Workers Compensation Board to allow the Workers' Compensation Board to remain as a single entity serving both territories. Cancellation of this agreement by either party requires one full fiscal year's notice.

Note 2 Significant Accounting Policies

a) Investments

Equity investments are valued using a moving average market value method, using a five-year amortization of gains and losses that arise on the sale of investments, or that arise as a result of changes in the market value of those investments.

Fixed term investments are recorded at cost at the time of purchase. The realized gain or loss on the sale of an investment is amortized over the remaining period to maturity of the investment, based on the average period for these securities disposed of during the year. For pooled funds, the amortization period is five years.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income is translated at the rate in effect at the time of receipt. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are amortized into investment income over a five-year period.

The Board's international investment manager uses derivative financial instruments to manage operating exposure to foreign exchange fluctuations. These contracts are carried on a market value basis. Premiums paid or received on these instruments are treated as revenue at the time of purchase. Net receipts or payments are recognized in income on an accrual basis in the same period and the same financial statement category to which the contract is related.

A decline in market value which is considered other than temporary is recognized immediately.

b) Capital Assets

Capital assets are recorded at cost and amortized over their estimated useful lives under the straight-line method as follows:

Furnishings	10 years
Equipment, including application software	5 years
Leasehold improvements and office space (leased)	Over the term of the lease
Computer systems software developed for WCB	8 years

Assets recorded as capital leases are amortized on the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest.

c) Administration and General Expenses

A portion of administration and general expenses is allocated as claims management costs between current year's claims and prior years' claims. The amount allocated to prior years' claims is based on actuarially determined rates applied to the amount of claims payments for prior year injuries. The amount allocated to current year's claims is based on the proportion of claims expenditures processed for current year injuries. The costs allocated are the direct costs related to the managing of claims, pensions and rehabilitation services.

d) Benefits Liability

The Benefits Liability is estimated annually using an actuarial valuation and is comprised of:

i. the future pension liability which represents the present value of future payments in respect of approved pension awards;
ii. the future claims liability which represents the present value of future payments in respect of medical aid benefits, compensation payments and the capitalized value of future pension awards for all claims arising from accidents occurring prior to the end of the fiscal year; and
iii. provision for claims management expenses, at 35% of the future claims liability, 9% of the future pension liability, and 21% for the Hunters and Trappers benefits liability.

Many assumptions are required in the calculation of the liability, including estimates of future inflation, interest rates and mortality rates. The amount of liability is determined on a basis which allows for future inflationary increases by using a discount rate of 3.5% per annum. Actual claims expenses are not predictable with certainty and, accordingly, may vary from the actuarial valuation of the liability.

The benefits liability is reviewed annually by an independent actuary. The opinion on the adequacy and appropriateness of the actuary's valuation of the future claims and pension liabilities as at December 31, 2002 is attached to these Financial Statements.

e) Funding Policy

The funding policy of the Board is to maintain both the future pension liability and the future claims liability at a fully funded level at each year end. The percentage funded is calculated as the ratio of total assets divided by the sum of total liabilities plus the catastrophe reserve. Fully funded status is maintained when this ratio is equal to, or greater than, one.

f) Reserves

The operating and catastrophe reserves are maintained to provide a margin of protection against adverse financial experience which could unduly burden future employers. Adverse experience could arise in respect of the following risks:

i. disasters and catastrophes;
ii. lower than expected investment results; or
iii. other unanticipated events such as lower than anticipated assessment revenues or higher than anticipated claims costs.

Operating Reserve

The operating reserve was created by the *Workers' Compensation Act*.

Assessment rates are adjusted to bring the operating reserve to its target level over a period of between two years and ten years, depending on the margin by which the operating reserve is above or below the target range. The range of tolerance for the operating reserve is plus or minus 50% of the target amount.

Catastrophe Reserve

The catastrophe reserve was created by the Board of Directors. A catastrophic claim is an accident or event that meets one or more of the following criteria:

i. A single incident resulting in more than four fatal claims or serious injuries;
ii. The nature of an incident is not consistent with the risk inherent in industry; or
iii. The result of a single incident causes an increase of greater than 10% to a rate group.

The Board has adopted a pre-funding approach for the Catastrophe reserve to be maintained in an amount equal to 300 times the Year's Maximum Insurable Remuneration (YMIR).

Rate Subsidy Reserve

The Rate Subsidy Reserve was established by the Board in 2002 to identify the net assets available to fund the provision of a rate subsidy to employers on their assessments. This reserve is determined after the target levels for the operating reserve and catastrophe reserve have been maintained.

g) Employee Future Benefits

Pension Benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Board's contribution to the Plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Board and are charged to operations on a current basis. The Board is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account (PSSA).

Non-pension Benefits

Employees are entitled to specified benefits on termination as provided for under conditions of employment, through a severance benefit plan. The Board recognizes the cost of future severance benefits over the periods in which the employees render services to the Board and the liability for these benefits is recorded in the accounts as the benefits accrue to employees.

h) Assessment Revenue

Current year revenues are estimated at year end based on actual payrolls submitted by employers. Adjustments to assessment revenues are accounted for in the year that the amounts are determined. An allowance is included in assessments refundable for potential adjustments of current and prior years' payrolls.

i) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Board to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these financial statements, the Board believes the estimates and assumptions to be reasonable. Significant management estimates relate to the valuation of assets, future benefits liability, employee future benefits liability and assessment revenue.

Note 3 Investments

a) Cash and Cash Equivalents

The Board invests in the short-term money market. The overall yield of this portfolio is 2.3% at December 31, 2002 (2001 - 4.1%). All instruments held in cash and cash equivalents are in high quality debt obligations issued or guaranteed by Canadian, Provincial, or Territorial governments, Canadian Chartered banks or Loan or Trust companies registered in Canada. The Board's investment policy limits investment in cash and cash equivalents to a maximum of 10% of the total investment portfolio.

	2002	2001
	$	$
Cash in bank	**313**	117
Cash in trust	**966**	1,108
Short term investments	**5,075**	2,596
	6,354	3,821

Included in the amounts above is C $618 (2001 - C $531) in foreign currencies.

Fair value approximates carrying value due to their short term nature.

b) Long-term investments

	2002		2001	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
	$	$	**$**	$
Fixed term investments				
Indexed funds	**84,746**	**83,423**	97,312	94,602
Other	**45,038**	**47,782**	44,311	46,062
	129,784	**131,205**	141,623	140,664
Equity investments	**115,617**	**103,469**	111,541	121,186
Investments maturing within one year	**4,262**	**4,262**	2,052	2,052
	249,663	**238,936**	255,216	263,902

Included in the carrying value at December 31, 2002 are net unamortized losses of $11,751 (2001 - $10,745 net unamortized gains). Management has reviewed currently available information regarding those investments whose estimated fair value is less than carrying value and has determined that the carrying values are expected to be recovered. Fair values for equity investments and marketable fixed term investments are the closing value (i.e. market value) on the appropriate exchange at December 31.

The maturity periods of the fixed income portfolio (other) as at December 31, 2002 are as follows:

	2002		2001	
Term to maturity	**Cost**	**Fair Value**	Cost	Fair Value
	$	**$**	$	$
Government of Canada				
After one through five years	**11,343**	**11,403**	5,572	5,554
After five years	**13,340**	**13,721**	20,898	20,635
Provincial/territorial securities and securities guaranteed by provinces/territories				
After five years	**7,220**	**8,059**	6,587	7,361
Corporate securities				
Due in one year or less	**1,000**	**1,015**	-	-
After one through five years	**2,958**	**3,031**	1,706	1,778
After five years	**10,059**	**10,553**	10,436	10,734
	45,920	**47,782**	45,199	46,062
Less: Unamortized gains	**(882)**		(888)	
Carrying value	**45,038**		44,311	

c) Investment Revenue

	2002		2001	
	Interest & Dividends	**Gains (Losses)**	Interest & Dividends	Gains (Losses)
	$	$	**$**	$
Fixed term investments				
Fixed term investments	**8,531**	**910**	8,606	1,532
Equity investments	**2,548**	**2,850**	2,751	10,362
Investments maturing within one year	**21**	-	200	-
	11,100	**3,760**	11,557	11,894
Total investment revenue		**14,860**		23,451
Less: Investment fees		**(1,022)**		(1,104)
Add: Interest on Cash and cash equivalents		**98**		105
		13,936		22,452

Investments are managed by the Board's external investment managers. The market yield of the portfolio, as provided by our performance measurement service, is as follows:

	2002	2001
Fixed term	**9.1%**	7.8%
U.S. equities	**-20.9%**	-3.8%
International equities	**-18.7%**	-15.1%
Canadian equities	**-6.7%**	2.0%

d) Investment Policies

The Board's investment target and actual asset mix at December 31 is as follows:

	Fair Value		Actual	
	Maximum	Minimum	**2002**	2001
Fixed term (including cash and cash equivalents)	55%	45%	**53.6%**	52.6%
Canadian equities	25%	15%	**21.0%**	21.1%
U.S. equities	15%	5%	**9.0%**	10.5%
Non-North American equities	20%	10%	**12.1%**	13.6%
Cash and cash equivalents	10%	0%	**4.2%**	2.2%

e) Credit Risk Management

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument fails to meet its obligations; therefore, short term investments have a minimum credit rating of A-1 or its equivalent. Fixed income of a longer term instrument have a minimum credit rating of BBB or its equivalent. These ratings are performed by an independent rating service.

f) Interest Rate Risk Management

Fluctuations in interest rates are managed by actively managing the duration of the fixed income portfolio. The maturity periods of the indexed fixed income portfolio will closely approximate that of the Scotia McLeod Universe (SMU). The effective and coupon rates of return on the other fixed income portfolio as at December 31 are as follows:

	Interest Receivable Basis	**2002**		2001	
		Effective Rate (% range)	**Coupon Rate (% range)**	Effective Rate (% range)	Coupon Rate (% range)
Government of Canada	Semi-annual	**3.29 - 5.53%**	**4.00 - 8.00%**	3.75 - 6.01%	4.00 - 8.75%
Provincial/territorial securities and securities guaranteed by provinces/territories	Semi-annual	**5.68 - 6.54%**	**5.90 - 13.00%**	5.48 - 6.85%	5.25 - 13.00%
Corporate securities	Semi-annual	**4.34 - 7.20%**	**5.30 - 10.62%**	5.08 - 8.43%	5.75 - 10.63%

g) Foreign Currency Balances

The Board has investments denominated in foreign currencies. In addition, the Board has derivative financial instruments (DFI) denominated in various currencies. The purpose of these financial instruments is to optimize the yields for the Board, while sustaining acceptable levels of risk due to foreign currency exposure. The only derivative financial instruments used are forward foreign exchange contracts, which all mature within 90 days of the year end. The total unrealized losses at December 31, 2002 are $59 (2001 gains - $47), which are included in gains and losses of the corresponding investments in accordance with the investment policy *(Note 2a)*.

The following chart shows where the Board has exposure to foreign currency risk.

Currency	Investments C $ (fair value)	Derivative Financial Instruments	**2002 Net Exposure**	2001 Net Exposure
	$	$	**$**	$
United States dollar	23,058	-	**23,058**	28,573
Euro currency	10,393	-	**10,393**	13,797
Pound sterling	9,289	-	**9,289**	10,441
Japanese yen	4,158	(1,154)	**3,004**	4,119
Swiss franc	3,884	-	**3,884**	4,233
Australian dollar	996	-	**996**	1,046
Hong Kong dollar	851	-	**851**	1,057
Danish krone	1	-	**1**	160
Singapore dollar	-	-	**-**	113
Swedish krona	-	-	**-**	214
	52,630	(1,154)	**51,476**	63,753

Note 4 Capital Assets

	Cost $	**Accumulated Amortization** $	**2002 Net Book Value** $	2001 Net Book Value $
Assets under capital lease	**4,242**	**2,706**	**1,536**	**1,749**
Leasehold improvements	**2,621**	**1,332**	**1,289**	**1,418**
Equipment	**2,773**	**1,489**	**1,284**	**621**
Computer software, customized	**735**	**241**	**494**	**575**
Furnishings	**346**	**251**	**95**	**100**
	10,717	**6,019**	**4,698**	**4,463**

Note 5 Leases

a) Obligation under Capital Lease

The Board leases office premises on the third and fourth floors of the Centre Square Tower in Yellowknife, Northwest Territories, expiring April 30, 2010. This lease has been classified as a capital lease. The Board is committed to payments of $436 per annum, including an implicit interest rate of 8%. The Board is also responsible for its proportional share of operating and maintenance expenses based on its share of space occupied. These expenses are based on the actual operating and maintenance costs of the lessor which are variable; therefore, these costs are not included in the table shown below.

Fair value approximates carrying value of the liability.

	Future Minimum Lease Payments $	Imputed Interest at 8% $	**2002 Lease Obligation $**
Current	436	184	**252**
Non-current			
2004	436	163	**273**
2005	436	140	**296**
2006	436	116	**320**
2007	436	89	**347**
Thereafter	1,016	92	**924**
	2,760	600	**2,160**

b) Operating Leases

Costs of operating leases are charged to operations on a straight line basis over the term of the lease.

Note 6 Employee Future Benefits

During the year, the Public Service Superannuation Plan required the Board to contribute to the PSSA at a rate of 2.14 times the employee's contributions. Contributions to the PSSA during the year were $963 (2001 - $814).

Note 7 Benefits Liability

	Medical Aid $	Compensation $	Pension Capitalization $	Pension Awards $	2002 Total $	2001 Total $
Balance, January 1	22,898	21,182	28,983	125,730	**198,793**	182,693
Claims expenses						
Current year	6,124	9,548	9,153	438	**25,263**	26,501
Prior years	1,818	(508)	(402)	5,578	**6,486**	11,656
Liability transfer, capitalizations	-	-	(6,111)	6,111	-	-
Recoveries from third parties	-	466	-	-	**466**	101
	30,840	30,688	31,623	137,857	**231,008**	220,951
Less: Claims payments						
Current year injuries						
Claims payments	1,114	1,937	-	-	**3,051**	2,821
Claims management	294	511	-	-	**805**	750
Prior years' injuries						
Claims payments	3,835	3,886	-	10,264	**17,985**	15,575
Claims management	1,342	1,360	-	924	**3,626**	3,012
	6,585	7,694	-	11,188	**25,467**	22,158
Balance, December 31	24,255	22,994	31,623	126,669	**205,541**	198,793

Note 8 Reserves

The Board is fully funded at year end to meet its obligations and maintain an appropriate catastrophe reserve.

a) Operating Reserve

The target level at year end was $7,982 (2001 - $5,239). The target range at year end was $3,991 to $11,973.

b) Rate Subsidy Reserve

The funding policy of the Board provides for discounts on assessment rates when the operating reserve exceeds its target range. During the year, a discount of 35% was applied to assessment rates (2001 - 35%).

c) Catastrophe Reserve

The target level for the catastrophe reserve provides for the average cost of a disaster. The target level of the reserve at the end of the year is $19,350 (2001 - $19,005).

Note 9 Contingencies

The Board has commenced an action against third parties as a result of the deaths of nine miners in an explosion at a worksite. As at the year end, the amount of any recoveries cannot be reasonably estimated.

The Board has a number of other legal claims outstanding for recovery of compensation expenses from third parties. Recovery of these amounts cannot be reasonably estimated; therefore, no amount is recorded in the these financial statements. Settlement of legal claims are recognized in the year in which settlement occurs. Legal claims settled during the year resulted in recoveries of $466 (2001 - $101). These recovered amounts are netted against total claims expenses.

The Board has reviewed an appeal made with regard to an overpayment of assessments by an employer. The Board estimates that it will not owe any amount related to this appeal. While this liability is not recorded in the financial statements, due to its uncertain nature, the amount of potential loss has been estimated at a maximum of $978.

Under the *Workers Compensation Acts* of the Northwest Territories and Nunavut, the Board is responsible for the costs of transporting injured workers from the worksite to the nearest healthcare facility as defined in the Northwest Territories and Nunavut *Hospital Insurance and Health and Social Services Administration Act*. Since the inception of the Nunavut Territory on April 1, 1999, the Board has not received an invoice from the Government of Nunavut to recover related medical travel costs, if any, which it may have incurred on behalf of the Board. The Government of Nunavut has expressed its intention to invoice the WCB for these costs. The total cost of this travel has been estimated between $400 to $650. Due to the uncertainty of the amount, a liability has been accrued in these financial statements in the amount of $400.

Note 10 Commitments

In addition to office premises recorded as capital leases, the Board leases office premises in Yellowknife, Inuvik, Rankin Inlet and Iqaluit which have been classified as operating leases. The Board is also responsible for its proportionate share of operating and maintenance expenses based on the amount of space occupied. These expenses are based on the actual operating and maintenance costs of the lessor which vary; therefore, these costs are not included in the table shown below. The Board leases office equipment in Yellowknife, Rankin Inlet and Iqaluit under an operating lease agreement. The Board also leases accommodations in Inuvik, Rankin Inlet and Iqaluit for terms not exceeding one year.

Minimum lease payments under operating leases over the next five years, and in aggregate, are as follows:

	$
2003	**792**
2004	**544**
2005	**491**
2006	**405**
2007	**169**
Thereafter	**91**
	2,492

Note 11 Related Party Transactions

The Board is related to all departments, agencies and Crown corporations of the Government of the Northwest Territories and the Government of Nunavut. The Board enters into transactions with these entities in the normal course of business.

The following table summarizes the Board's assessments revenue from related parties entered into in the normal course of operations.

	2002 $	2001 $
Government of the Northwest Territories	**914**	640
Government of Nunavut	**805**	616
Public Agencies	**130**	127
	1,849	1,383

Balances due from related parties as at December 31, 2002 are as follows:

	2002 $	2001 $
Government of Nunavut	**1,077**	798
Government of the Northwest Territories	**181**	72
Public Agencies	**14**	-
	1,272	870

Through memoranda of understanding with the Governments of the Northwest Territories and Nunavut, the Board charges the governments for the costs of administering benefits relating to hunters and trappers claims. These costs include the increase or decrease in the future benefits liability related to hunters and trappers claims; therefore, a significant decrease in the future benefits liability can result in a refund by the Board to either government. The Government of the Northwest Territories will provide a reimbursement for hunters and trappers claims in the amount of $148. For 2001, the Board provided a reimbursement to the Government of the Northwest Territories for hunters and trappers claims in the amount of $262. The Government of Nunavut will provide a reimbursement to the Board for hunters and trappers claims of $369 (2001 - $748).

The Board's investments include bonds of related parties (at market value) as follows:

	2002 $	2001 $
Northwest Territories Power Corporation		
11.00% maturing March 9, 2009	636	625
11.125% maturing June 6, 2011	1,316	1,291
6.42% maturing December 18, 2032	2,059	-
Northwest Territories Legislative Assembly Building Society		
13.00% Series A, maturing August 31, 2013	492	517
	4,503	2,433

Note 12 Comparative Amounts

Certain of the prior year's figures have been reclassified to conform to the current year's financial presentation.

WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
SCHEDULE OF ADMINISTRATION AND GENERAL EXPENSES
For the year ended December 31, 2002
(in thousands of dollars)

	2002 $	2001 $
Salaries, wages and allowances	**9,627**	8,592
Professional services	**2,874**	2,423
Travel	**1,362**	1,345
Office lease and renovations	**1,094**	888
Amortization - furnishings and equipment	**517**	397
Amortization - capital leases & improvements	**397**	390
Communications	**376**	350
Office services and supplies	**329**	324
Office furnishings and equipment (non-capital)	**281**	190
Honoraria and retainers	**177**	277
Interest expense on capital lease obligation	**203**	221
Advertising and public information	**193**	240
Grants	**79**	142
Miscellaneous	**70**	62
Computer lease and services	**8**	19
	17,587	15,860
Less: Allocation to claims costs	**(4,431)**	(3,762)
	13,156	12,098

Public Trustee for the Northwest Territories

Financial Statements

for the year ended March 31, 2003

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Office of the
PUBLIC TRUSTEE
For the Northwest Territories

Telephone (867) 873-7464
NWT Toll Free 1-866-535-0423
Fax (867) 873-0184

File No. 37-100

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Public Trustee for the Northwest Territories is responsible for the preparation, integrity and objectivity of the financial statements. The financial statements have been prepared in accordance with generally accepted accounting principles considered appropriate in the circumstances. Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

The Public Trustee for the Northwest Territories has developed and maintained books of account, records, financial and management controls and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Public Trustee Act.

It is the responsibility of the auditors to provide an independent, objective audit for the purpose of expressing their opinion on the financial statements.

Larry Ponter

Public Trustee for the Northwest Territories

June 4, 2003

Mail: Office of the Public Trustee, Box 1320, Yellowknife, NT, Canada, X1A 2L9
Location: 4903-49th Street Fifth Floor Courthouse Yellowknife, NT

AUDITORS' REPORT

Commissioner

We have audited the Balance Sheet of the Estate and Trust Fund as at March 31, 2003 and the Statements of Operations and Changes in Fund Balance for the year then ended. These financial statements are the responsibility of the Office of the Public Trustee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly in all material respects, the financial position of the Fund as at March 31, 2003, the results of operations and the changes in the Estate and Trust Fund Balance for the year then ended in accordance with accounting policies of the Public Trustee as outlined in Note 2 to the financial statements and as required by the Public Trustee Act and Regulations.

We further report that in our opinion, proper books of account have been kept by the Public Trustee, the financial statements are in agreement therewith and the transactions that have come under our notice have in all significant respects, been within the statutory powers of the Public Trustee.

Avery, Cooper & Co.

AVERY, COOPER & CO.
Certified General Accountants
Yellowknife, N.W.T.

June 4, 2003

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND

BALANCE SHEET
March 31, 2003

ASSETS

	2003	2002
Cash (Note 3)	$2,694,502	$2,497,380
Other assets at nominal value	1	1
	$2,694,503	$2,497,381

LIABILITIES

Undistributed Common Fund earnings per Statement II (Note 4)	$ 29,703	$ 26,317
Estate and Trust Fund per Statement III (Note 5)	2,664,800	2,471,064
	$2,694,503	$2,497,381

APPROVED:

_____
Public Trustee for the Northwest Territories

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND

STATEMENT OF OPERATIONS

For the year ended March 31, 2003

	2003	2002
Undistributed Common Fund earnings, opening	$ 26,317	$ 62,880
Add		
Common Fund earnings	68,751	97,856
	95,068	160,736
Less		
Interest paid to estates and trusts	38,639	106,525
Management fees	24,442	25,038
Miscellaneous account deficiencies	-	73
Excess interest paid to the Government of the Northwest Territories	2,284	2,783
	65,365	134,419
Undistributed Common Fund earnings, closing	$ 29,703	$ 26,317

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND

STATEMENT OF CHANGES IN ESTATE AND TRUST FUND BALANCE
For the year ended March 31, 2003

	2003	2002
Estate and trust funds provided:		
Estate and trust assets received	$ 1,342,144	$ 1,168,659
Common Fund interest paid to estates and trusts	38,639	106,525
	1,380,783	1,275,184
Estate and trust funds applied:		
Payments to beneficiaries	992,830	1,026,906
Disbursements made on behalf of estates and trusts	113,171	218,865
Administration fees	74,786	73,760
GST on Administration fees	5,235	5,163
Court fees	1,025	2,332
	1,187,047	1,327,026
Increase (Decrease) in Estate and Trust Fund balance	193,736	(51,842)
Estate and Trust Fund balance, opening	2,471,064	2,522,906
Estate and Trust Fund balance, closing	$2,664,800	$2,471,064

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

NOTE 1 AUTHORITY

The Public Trustee operates under the authority of the Public Trustee Act, Revised Statutes of the Northwest Territories 1988, Chapter P-19 as amended.

NOTE 2 ACCOUNTING POLICIES

a) These financial statements have been prepared on the cash basis of accounting except as otherwise stated.

b) All Estate and Trust Fund assets other than cash, which include business interests, mortgages, stocks, bonds, term deposits, real estate and other assets, are carried at a nominal value of one dollar ($1).

c) Expenditures for the operation of the Office of the Public Trustee are paid from the Consolidated Revenue Fund of the Government of the Northwest Territories and, except for $101,512 (2002 - $101,581) paid to the Consolidated Revenue Fund as administration fees, management fees, and the transfer of interest earned, are not reflected in these financial statements.

NOTE 3 CASH IN BANK

The Office of the Public Trustee is a member of the Government of the Northwest Territories investment pool.

The Government of the Northwest Territories consolidates and invests the cash balances of all investment pool participants in money market securities. The monies for these investments flow out of the Government of the Northwest Territories main revenue account and accordingly do not affect the cash balances of the participants. Investment pool revenues are prorated and paid to participants weekly.

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PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

NOTE 4 UNDISTRIBUTED COMMON FUND EARNINGS

Common Fund earnings are distributed half-yearly, on April 30 and October 31 each year, as interest paid to estates and trusts, management fees and excess interest paid to the Government of the Northwest Territories.

Interest earned on the Common Fund is utilized to pay prescribed interest on estates and trusts, prescribed management fees and any deficiency between the aggregate amount of sums invested in the Common Fund and the actual value of the investments of the Common Fund. Where the interest earned on investment of the Common Fund exceeds the amount required to make these payments, the excess is paid to the Consolidated Revenue Fund of the Government of the Northwest Territories.

The balance of Undistributed Common Fund earnings represents the cumulative earnings of the Common Fund between November 1 and March 31 which will be distributed on April 30 of the next fiscal year.

NOTE 5 ESTATE AND TRUST FUND

The Estate and Trust Fund reflects all known assets of the estates and trusts administered by the Public Trustee. The Estate and Trust Fund is comprised of the following amounts:

	2003	2002
Common Fund	$2,664,799	$2,471,063
Other assets, at nominal value	1	1
	$2,664,800	$2,471,064

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Northwest Territories Power Corporation

Consolidated Financial Statements

for the year ended March 31, 2003

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian generally accepted accounting principles (GAAP). Where GAAP permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. The Northwest Territories Power Corporation (the Corporation) is regulated by the Public Utilities Board of the Northwest Territories, which also examines and approves its accounting policies and practices. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further the Corporation's aims, are protected from loss or unauthorized use and that the Corporation acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a territorial crown corporation. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors appoints certain members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.

Leon Courneya, FCA
President & CEO

Judith Goucher, MA
Director, Finance & CFO

Hay River, NT
May 30, 2003

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Power Corporation

I have audited the consolidated balance sheet of the Northwest Territories Power Corporation as at March 31, 2003 and the consolidated statements of earnings and retained earnings, and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and its wholly-owned subsidiaries and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, *the Northwest Territories Power Corporation Act*, and the by-laws of the Corporation and its wholly-owned subsidiaries.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 30, 2003

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Balance Sheet
As at March 31, 2003
($000's)

	2003	2002
Assets		
Plant, property and equipment (Note 9)		
Plant in service	$ 265,036	$ 258,786
Less accumulated amortization	(65,025)	(59,878)
	200,011	198,908
Construction work in progress	4,455	2,699
	204,466	201,607
Current assets		
Cash	573	150
Accounts receivable (Note 3)	15,995	16,924
Prepaid expenses	862	824
Inventories	6,925	7,450
	24,355	25,348
Other assets		
Due from NPC (Note 18)	5,454	5,477
Deferred costs (Note 10)	8,735	7,992
Sinking fund investments (Note 11)	19,650	15,957
	33,839	29,426
	$ 262,660	$ 256,381
Liabilities and Shareholder's Equity		
Long-term debt		
Long-term debt, net of sinking fund investments (Note 12)	$ 96,537	$ 100,762
Sinking fund investments presented as assets	19,650	15,957
Net lease obligation (Note 13)	1,740	1,883
	117,927	118,602
Current liabilities		
Bank indebtedness and short-term debt (Note 14)	10,003	8,056
Accounts payable and accrued liabilities	10,174	9,834
Dividends payable	6,299	6,299
Current portion of long-term debt (Note 12)	965	1,084
	27,441	25,273
Other liabilities		
Future removal and site restoration provision (Note 15)	36,170	35,399
Deferred revenues and other liabilities (Note 16)	5,238	4,948
	41,408	40,347
Shareholder's equity (Note 17)	75,884	72,159
	$ 262,660	$ 256,381
Commitments and contingencies (Note 18)		

See accompanying notes

Approved on behalf of the Board:

Richard Nerysoo
Chairman of the Board

Peter Guther
Director

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Statement of Earnings and Retained Earnings
For the year ended March 31, 2003
($000's)

	2003	2002
Revenues		
Sale of power (Note 3)	$ 64,480	$ 62,520
Other (Note 4)	2,229	1,790
	66,709	64,310
Expenses		
Salaries and wages	15,568	15,751
Fuels and lubricants	15,209	15,358
Supplies and services	10,084	9,679
Amortization	6,884	6,492
Travel and accommodation	1,712	1,890
	49,457	49,170
Earnings from operations	17,252	15,140
Interest income	278	1,428
Contract income, net (Note 6)	255	264
Earnings before interest expense	17,785	16,832
Interest expense (Note 7)	10,060	9,950
Net earnings	7,725	6,882
Retained earnings at beginning of year	29,030	26,148
Dividend (Note 8)	(4,000)	(4,000)
Retained earnings at end of year	$ 32,755	$ 29,030

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Cash Flow Statement
For the year ended March 31, 2003
($000's)

	2003	2002
Cash flows from operating activities		
Cash receipts from customers	$ 68,445	$ 60,472
Cash paid to suppliers and employees	(43,872)	(47,793)
Interest received	1,066	389
Interest paid	(9,937)	(10,173)
Received from Nunavut Power Corporation (NPC) for operating activities related to division	-	1,615
Cash flows from operating activities	15,702	4,510
Cash flows used in investing activities		
Plant, property and equipment constructed or purchased	(8,650)	(5,334)
Proceeds from sale of plant, property and equipment	73	114
Cash flows used in investing activities	(8,577)	(5,220)
Cash flows used in financing activities		
Received from NPC for financing activities related to division	-	51,121
Repayment of long-term debt	(21,918)	(31,300)
Proceeds from long-term borrowings	20,000	-
Net Proceeds from (Repayment of) short-term borrowings	1,947	(18,512)
Repayment of net lease obligation	(143)	(167)
Sinking fund instalments	(2,744)	(2,051)
Proceeds from sinking fund redemption	156	1,532
Dividend paid	(4,000)	-
Cash flows used in financing activities	(6,702)	623
Net increase (decrease) in cash	423	(37)
Cash at beginning of year	150	239
Less: NPC's portion of cash	-	(2)
	150	237
Cash at end of year	$ 573	$ 150

See accompanying notes

Notes to Consolidated Financial Statements
For the year ended March 31, 2003
($000's)

1. Authority and operation

The Corporation is established under the *Northwest Territories Power Corporation Act*. The Corporation is a territorial crown corporation under Schedule B of the *Financial Administration Act* and is exempt from income tax.

The Corporation operates diesel, natural gas and hydroelectric production facilities to provide utility services on a self-sustaining basis in the Northwest Territories.

2. Accounting policies

The Corporation is regulated by the Public Utilities Board of the Northwest Territories (PUB), which administers regulations covering such matters as rates, financing, accounting, construction, operation, and service area. As a result, the regulatory accounting policies adopted by the Corporation may differ from the accounting policies typically followed by unregulated entities. In particular, the timing of the Corporation's recognition of certain assets, liabilities, revenues and expenses may differ from that normally prescribed by Canadian generally accepted accounting principles. Specifically, policies in relation to deferred expenses and other assets and amortization policies are different. A summary of the significant accounting policies follows:

Rates and regulation (Excluding sales by subsidiaries)
The rates charged to all customers and the Corporation's earnings on a rate of return basis are regulated by the PUB. The PUB sits as often as it considers necessary and is required by the *Public Utilities Act* to review the affairs, earnings and accounts of the Corporation every three years or at any other time.

Consolidation
The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of the Corporation and its wholly owned subsidiaries NWT Energy Corporation Ltd., and 923204 N.W.T. Ltd.

NWT Energy Corporation Ltd., under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation for the construction of a 4.3 MW hydro facility. 923204 N.W.T. Ltd. operates and manages one residual heat project in Fort McPherson.

Revenues
Sale of power, other, interest and contract revenues are recognized on the accrual basis and include an estimate of services provided but not yet billed.

Plant, property and equipment
Plant, property and equipment, excluding those donated to the Corporation, are recorded at original cost and include materials, direct labour and a proportionate share of directly attributable overhead costs and an allowance for funds used during construction which provides for a return on capital at a rate approved by the PUB.

Plant, property and equipment donated to the Corporation are recorded at their estimated fair value.

Amortization
Amortization of plant, property and equipment is provided on the straight-line average group useful life basis, at rates which are approved by the PUB, a portion of which is accounted for as a provision for future removal and site restoration costs.

In accordance with utility accounting practices, retirement of these assets is charged to the provision with no gain or losses reflected in operations. Gains or losses arising from exceptional circumstances are included in earnings.

Amortization rates are as follows:

	%
Electric power plants	1.16 - 5.76
Transmission and distribution systems	1.09 - 4.66
Warehouse, equipment, motor vehicles and general facilities	1.76 - 9.76
Other utility assets	2.5 - 20.0
Other	20.0

Inventories
Fuels and lubricants and materials and supplies are valued at average cost.

Deferred costs
The Public Utilities Board (PUB), through its decisions, has approved the use of deferral accounts.

The Snare Cascades Deferral Account eased the impact on utility rates resulting from the Snare Cascades project being added to the rate base in 1997. The increase in costs caused by the hydro project addition to rate base, net of savings from displaced diesel generation, was deferred for five years. These costs are being recovered through a PUB approved rate-rider through 2011.

The Rate Stabilization Funds mitigate the impact on utility rates of unexpected changes in diesel and natural gas fuel prices as well as fluctuations in hydro generation caused by water levels. The impact of any increases or decreases in fuel prices or hydro generation over the PUB approved amounts are deferred. The deferred amounts are accumulated until PUB specified limits are reached, at which time rate-riders are applied, with PUB approval, to recover or refund the amounts necessary to bring the funds back to the approved limits.

The Reserve for Injuries and Damages includes costs for uninsured and uninsurable losses and the deductible portion of insured claims.

Regulatory Costs include incremental expenses incurred to apply to the PUB for a multi-year General Rate Application (GRA).

The Normalized Overhaul Costs include costs to overhaul hydro, diesel and natural gas units that occur over the life of these assets.

Regulated Employee Future Benefits represent benefits accrued under employment agreements since April 1, 2001.

The deferred costs noted above are charged to operations at PUB approved amounts that are estimated to annualize the costs over time or will be recoverable in the future.

Other deferred costs include the L-199 transmission line costs, financing costs, pending insurance claims costs and other costs. These costs are subject to recovery through insurance, the courts or the

customers through PUB decisions. Financing costs relating to the issue of long-term debt are amortized on a straight-line basis over the remaining term of the related debt.

Sinking fund investments
Securities held in sinking funds are recorded at cost. Interest, dividends and realized gains and losses are included in sinking fund income. Unrealized gains are not recognized. Unrealized losses are recognized only when it is considered there is a permanent impairment in the value of the sinking fund investments.

Future removal and site restoration provision
The provision for future removal and site restoration reflects the estimated cost of decommissioning facilities as well as the related costs of environmental mitigation of the Corporation, net of salvage value. These costs are amortized at rates, which are approved by the PUB, over the estimated useful lives of the related assets on a straight-line average group useful life basis. Due to the long-term nature of the assumptions made in deriving these estimates, the provision is periodically revised and updated for current information on approval by the PUB.

Deferred revenues
Deferred revenues reflect donations of assets and contributions to aid in the construction and acquisition of plant, property and equipment. Deferred revenues are amortized on the same basis as the related plant, property and equipment, and the resulting credit is offset against the corresponding provision for amortization of plant, property and equipment.

Public Service Superannuation Plan
Employees participate in the Public Service Superannuation Plan (the Plan) administered by the Government of Canada. The Corporation's contributions to the Plan are expressed as a percentage of employees' contributions. The percentage may fluctuate from year to year depending on the experience of the Plan. The Corporation's contributions are charged to operations on a current basis and represent the total pension obligations. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Plan.

Employee future benefits
Under the terms and conditions of employment, employees may earn non-pension benefits for resignation, retirement and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these non-pension benefits has been determined based on management's best estimates and accrued as a liability as employees render service. The expenditures are not currently treated as a charge to operations but will be recoverable in the future. Consequently certain employee future benefit costs have been recorded as a regulated deferred expense. The PUB has approved this treatment.

Measurement uncertainty
To prepare these financial statements in accordance with Canadian generally accepted accounting principles, management has made a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Significant estimates include amortization, the future removal and site restoration provision, the revenue accrual for the PUB approved revenue requirement and April 1, 2001, allocated assets, liabilities and shareholder's equity.

3. Sale of power – General Rate Application

The Corporation's 2001-2003 general rate application is still in progress. Until the PUB approves final rates, amounts billed to customers are less than the PUB approved revenue requirement. The

shortfall of $3,392 (2002 - $4,619), between billed amounts and allowed total revenues, is recorded as revenue and unbilled accounts receivable.

4. Other revenues

	2003	2002
Government funding of pension expenses (Note 5)	$ 669	$ 848
Miscellaneous	623	256
User fees	334	302
Contract work	322	155
Connection fees	186	139
Heat	95	90
	$ 2,229	$ 1,790

5. Pension expense

The Corporation contributes to the Public Service Superannuation Plan at a rate of 2.14 times (2002 – 2.14 times) the employee's contributions. Contributions for pension expense during the year were $1,988 (2002 - $1,783). The Corporation receives funding, recorded as other revenues, from the GNWT of $669 (2002 - $848) to cover part of these pension expenses. This funding is available until March 31, 2004. Whether the Government of the Northwest Territories (GNWT) funding will continue beyond 2004 is unknown. Should this additional funding cease the PUB has approved recovery of these additional costs in rates.

6. Contract income

The Corporation has an agreement with the Nunavut Power Corporation to provide engineering services until November 4, 2005. The revenues and expenses to provide services under this agreement are outside of the normal operations of the Corporation and therefore are reflected separately on the income statement. The Corporation's gross revenues from the contract were $784 (2002 - $3,195) and the associated expenses were $529 (2002 - $2,931) for net earnings of $255 (2002 - $264). There are no assets or liabilities in the Corporation held solely for the purpose of this contract.

7. Interest expense

	2003	2002
Interest on long-term debt	$ 11,104	$ 10,864
Short-term financing costs	245	115
Sinking fund income	(1,104)	(703)
Allowance for funds used during construction	(185)	(326)
	$ 10,060	$ 9,950

8. Dividend

The Corporation declared a dividend of $4,000 (2002 - $4,000).

9. Plant, property and equipment

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Electric power plants	$ 176,385	$ (44,968)	$ 131,417	$ 131,257
Transmission and distribution systems	60,128	(9,090)	51,038	50,247
Warehouse, equipment, motor vehicles and general facilities	19,870	(6,737)	13,133	13,206
Other utility assets	3,918	(461)	3,457	3,116
Other	4,735	(3,769)	966	1,082
	265,036	(65,025)	200,011	198,908
Construction work in progress	4,455	-	4,455	2,699
	$ 269,491	$ (65,025)	$ 204,466	$ 201,607

Engineering and general administration expense capitalized during the year amounted to $1,136 (2002 - $1,382). Allowance for funds used during construction capitalized during the year amounted to $231 (2002 - $217).

10. Deferred costs

	March 31 2003	2003 Costs Deferred and Interest Charged to the Fund	2003 Amortization of Fund Balance	March 31 2002
Snare Cascades Deferral Account	$ 3,198	$ 49	$ (607)	$ 3,756
Rate Stabilization Funds	(2,618)	(235)	-	(2,383)
Reserve for Injuries and Damages	1,105	413	(485)	1,177
Regulatory Costs	984	504	(228)	708
Normalized Overhaul Costs	(554)	1,449	(1,573)	(430)
Regulated Employee Future Benefits	689	346	-	343
L-199 transmission line costs	3,958	244	-	3,714
Other deferred expenses	1,973	1,026	(160)	1,107
	$ 8,735	$ 3,796	$ (3,053)	$ 7,992

The rate stabilization funds are comprised of fuel $534 (2002 - $835) and water $(3,152) (2002 - $(3,218)). During the year fuel stabilization rate riders of nil (2002 - $501) were charged to customers. These amounts were recorded as revenues and fuel expenses.

11. Sinking fund investments

Sinking fund investments are held by the Trustee for the redemption of long-term debt. As the sinking funds exist to fund the payout of long-term debt, sinking fund income is treated as a reduction of finance charges and is reflected in interest expense.

Cash and short-term investments include cash and fixed income investments with a term to maturity not exceeding one year. All fixed income is investment grade credit. The Corporation's sinking fund policy and the *Financial Administration Act* limits investments in equities to 30% of the total sinking fund. Equities are in four funds and are well diversified by sector, issuer, region and liquidity.

The sinking fund agreements require the Corporation to make minimum annual installments. The installments required for the next five years are disclosed in Note 12.

	2003		2002	
	Carrying Value	Weighted average effective rate of return (1)	Carrying Value	Weighted average effective rate of return (1)
Fixed Income Securities				
Cash	$ 31	0.30%	$ 128	.0%
Short-term investments	2,294	3.10%	15,290	2.02%
Provincial Government guaranteed	1,054	5.30%	262	7.30%
Federal Government guaranteed	4,437	4.00%	228	4.79%
Municipal Government guaranteed	1,748	5.70%	49	5.37%
Corporate Bonds	4,470	5.30%	-	-
Equities				
Canadian Equities	3,635	1.90%	-	-
US Equity	1,406	1.80%	-	-
International Equity	575	2.30%	-	-
	$ 19,650	3.81%	$ 15,957	2.18%

(1) – Rate calculated on market yield.

Fair value information for sinking funds is included in Note 21

12. Long-term debt

	2003	2002
11% sinking fund debentures, due March 9, 2009	$ 20,000	$ 20,000
10¾% sinking fund debentures, due May 28, 2012	20,000	20,000
Capital loan facility, due October 18, 2006, converted in fiscal 2002 under an interest rate swap from a floating rate to fixed interest at 5.64%, repayable interest only until November 2002 and equal monthly payments of $72 thereafter	-	20,000
6.63% amortizing debenture, due December 18, 2032	20,000	-
11⅛% sinking fund debentures, due June 6, 2011	15,000	15,000
6.33% redeemable sinking fund debentures, due October 27, 2018	10,000	10,000
8.41% redeemable sinking fund debentures, due February 27, 2026	8,700	8,700
9.11% debenture series 3, due September 1, 2026, repayable in equal monthly payments of $73.	8,478	8,576
9¾% debenture series 2, due October 1, 2025, repayable in equal monthly payments of $69	7,494	7,582
10% debenture series 1, due May 1, 2025, repayable in equal monthly payments of $70	7,475	7,563
Other	5	7
6.5% Canada's Northwest Territories Government Aurora Fund (1996) 923204 N.W.T. Ltd.'s portion representing 50%, due December 2002	-	375
	117,152	117,803
Less: Current portion	965	1,084
	116,187	116,719
Less: Sinking fund investments	19,650	15,957
	$ 96,537	$ 100,762

All long-term debt is guaranteed by the GNWT. Certain debentures are redeemable within the specific terms of the debenture.

Principal repayments and estimated sinking fund investment contributions for the next five years:

	2004	2005	2006	2007	2008
Principal Repayments	$ 965	$ 999	$ 1,032	$ 1,068	$ 1,105
Sinking Fund Investment Contributions	$ 3,008	$ 3,008	$ 3,231	$ 3,231	$ 3,321

13. Net lease obligation

The NWT Energy Corporation Ltd. loaned funds to the Dogrib Power Corporation to finance the construction of a hydroelectric generating plant on the Snare River in the Northwest Territories. The balance of the loan receivable is $21,765 (2002 - $22,004). The loan bears interest at an annual rate of 9.6%, which is the average rate of interest on NWT Energy Corporation Ltd.'s long-term debt issued to finance the loan. It is due July 2026 and is repayable, in equal monthly payments of $195. The loan is secured by a charge against the plant and the lease agreement.

The Corporation has an initial 65-year lease for the plant at an imputed interest rate of 9.6% from the Dogrib Power Corporation until 2061. The value of the capital lease obligation is $23,650 (2002 - $24,054).

To reflect the effective acquisition and financing nature of the lease, the plant is included in electric power plants in plant, property and equipment at an original cost of $26,342.

Upon consolidation, the loan receivable held by NWT Energy Corporation Ltd. is offset with the capital lease obligation of the Corporation resulting in a net lease obligation of $1,885 (2002 - $2,050). As a result, in some years there is a net payment and in other years there is a net receipt upon consolidation. The net lease obligation payments over the next five years are:

2004	2005	2006	2007	2008
$ 145	$ 116	$ 87	$ 55	$ 20

The current portion of the net lease obligation is $145 (2002 - $167) and is recorded in accounts payable.

14. Short–term debt

	2003	2002
Bankers' acceptance and shareholder's advance	$ 10,000	$ 8,000
Bank overdraft	3	56
	$ 10,003	$ 8,056

The interest rate charged on bank overdrafts is prime. The short-term debt outstanding at year-end had a weighted average 55 day term (2002 – 35 day term) and a 3.30% (2002 - 2.44%) weighted average annual interest rate. The Corporation has a $15 million unsecured line of credit with its bank and also has access on occasion to short term funds from its shareholder.

15. Future removal and site restoration provision

The provision for the year, included in amortization of plant, property and equipment is $1,401 (2002 - $1,371) and the amount spent is $630 (2002 - $161).

16. Deferred revenue and other liabilities

	2003	2002
Donations in aid of construction	$ 3,803	$ 3,642
Employee future benefits	1,435	1,306
	$ 5,238	$ 4,948

17. Shareholder's equity

	2003	2002
Capital Stock		
Authorized: unlimited number of voting common shares without par value		
Issued: 431,288 common shares	$ 43,129	$ 43,129
Retained earnings at end of year	32,755	29,030
	$ 75,884	$ 72,159

18. Commitments and contingencies

Capital projects
The estimated cost to complete capital projects in progress, as at March 31, 2003, was $7,199 (2002 - $500).

Operating leases
The Corporation has leased property and equipment under various long-term operating leases. The minimum annual payments for these leases are as follows:

2004	2005	2006	2007	2008	2009-2030	Total
$ 232	$ 143	$ 137	$ 136	$ 137	$ 19	**$ 804**

Supply contracts
The Corporation has contracts to purchase refined oil products based on market prices at time of delivery. These contracts end in 2003, 2004 and 2005 and reflect minimum quantity purchase commitments of 19.5 million litres consistent with the Corporation's operational requirements.

Natural gas purchase commitment
The Corporation has an agreement to purchase natural gas to produce electricity in Inuvik. The minimum obligation is to purchase 5,622,900m^3 of natural gas per annum until July 2014. The price is calculated annually on August 1 and will depend on the Edmonton Average Unbranded High Sulphur Diesel Price as posted in the Bloomberg Oil Buyers Guide on that date.

Litigation
The Corporation has been named as a defendant in four lawsuits. Two actions relate to wrongful dismissal cases. The Corporation has been named as a co-defendant in the third action as a result of the Corporation managing a project for Nunavut Power Corporation (NPC) through the NPC engineering contract. The fourth action names the Corporation as a co-defendant with the GNWT and the Federal Government in a claim related to the construction of the hydro system on the Taltson River in 1965. As directed by the GNWT, the Corporation filed a separate defence to this claim. It is management's estimate that no significant loss to the Corporation will result from any of these four claims.

Division
All corporate operations within the Nunavut Territory were taken over by the NPC on April 1, 2001. The allocation of the Corporation's assets, liabilities and shareholder's equity between its Nunavut operations to NPC and its Northwest Territories operations to the Corporation was governed by two agreements, a due diligence process and approval by the Corporation, GNWT, NPC and the Government of Nunavut. As at the date these financial statements were completed the allocation of

assets, liabilities and shareholder's equity as at March 31, 2001, was agreed to by the four parties, with the exception of one issue on debt. The parties are going to arbitration to resolve the dispute. It is not known when the due diligence process will be completed and the allocation finalized. The allocations of assets, liabilities and shareholder's equity as at March 31, 2001 were determined based on management's best estimate using the approach set out in the agreements. Adjustments to these allocations, if any, will be recorded when known, the same as was done for the original transfer, as a capital adjustment to retained earnings.

19. Subsequent event

In September 2002 the Corporation signed an agreement to purchase the Bluefish Hydroelectric Generating Station ("Bluefish"). The hydro station currently provides power to Miramar Con Mine by way of the Snare / Yellowknife power grid. The effective date of the purchase is April 4, 2003. The Corporation purchased the station in exchange for $10 million payable December 31, 2004, specified energy and demand power credits until December 31, 2009, assumption of all reclamation obligations for the Bluefish Station, and assumption of operating costs until December 31, 2004.

20. Related party transactions

The Corporation is a territorial crown corporation and consequently is related to the GNWT and its agencies and corporations.

The Corporation provides utility services to, and purchases fuel and other services from, these related parties. These transactions are at the same rates and terms as those with similar unrelated customers. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are as follows:

	2003	2002
Sale of power and other	$ 18,322	$ 14,315
Purchase of fuel from government	1,268	1,340
Fuel tax paid to government	761	511
Other purchases and payments	983	448
Balances at year end:		
Accounts receivable	2,226	1,343
Accounts payable	626	503
Promissory note	4,000	-
Dividend payable to the GNWT	4,000	4,000

21. Financial instruments

	2003		2002	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 117,152	$ 143,690	$ 117,803	$ 144,385
Net lease obligation	1,885	3,325	2,050	3,191
Sinking fund investments	19,650	18,600	15,957	16,002

The fair values of cash, other current accounts receivable and payable and short-term debt approximate the carrying amounts of these instruments due to the short period to maturity.

The fair values for the long-term debt and net lease obligation are determined using market prices for similar instruments.

The fair value of the sinking fund investments is determined using market prices. Given the Corporation's long term investment strategy and upon review of currently available information regarding investments where estimated fair value is less that carrying value, management has determined the carrying value is expected to be recovered.

22. Franchises

Subsection 37(1) of the *Public Utilities Acts* of the Northwest Territories states that a public utility shall file with the Board a copy of its franchise before the public utility intends to begin operating under the franchise.

The Corporation requires franchises for 25 communities. As at March 31, 2003, 11 of these franchises are in place and approved by the PUB. Renewal and/or acquisition of franchise agreements will not be pursued until the GNWT completes its energy strategy.

23. Comparative figures

Certain of the 2002 figures have been reclassified to conform to the financial statement presentation adopted for 2003.

Government of the Northwest Territories

Petroleum Products Revolving Fund

Financial Statements

for the year ended
March 31, 2003

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CHARTERED ACCOUNTANTS
MacKay LLP

4910-50th Street
P.O. Box 727
Yellowknife, NT X1A 2N5
Tel: (867) 920-4404
Fax: (867) 920-4135
www.MackayLLP.ca

mackay.ca

Auditors' Report

To the Minister of
Public Works and Services

We have audited the balance sheet of the Revolving Fund of the Government of the Northwest Territories – Public Works and Services Petroleum Products as at March 31, 2003, and the statement of operations and surplus, and statement of amount due to the Government of the Northwest Territories for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2003, and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Financial Administration Act, we report that in our opinion their principles have been applied on a basis consistent with that of the preceding year.

Mackay LLP

Yellowknife, Northwest Territories
May 23, 2003

Chartered Accountants

mackay.ca refers to the Canadian firm MacKay LLP

GOVERNMENT OF THE NORTHWEST TERRITORIES
PUBLIC WORKS AND SERVICES
PETROLEUM PRODUCTS DIVISION

Petroleum Products Revolving Fund

Balance Sheet		**March 31 2003**		**March 31 2002**
(thousands of dollars)				
Assets:				
Current				
Accounts receivable (Note 3)	$	3,426	$	2,843
Inventories (Note 4)		4,874		6,015
	$	8,300	$	8,858
Liabilities :				
Current				
Accounts payable and accrued liabilities	$	2,139	$	1,760
Employee leave and termination benefits		63		34
		2,202		1,794
Long-term				
Employee termination benefits		25		54
Due to the Government of the Northwest Territories		6,073		7,010
		6,098		7,064
	$	8,300	$	8,858

Commitments and contingencies (Note 9)

The accompanying notes are an integral part of the financial statements.

Approved by management

Mike Aumond
Director

Shirley Kwong
Comptroller

GOVERNMENT OF THE NORTHWEST TERRITORIES
PUBLIC WORKS AND SERVICES
PETROLEUM PRODUCTS DIVISION

Petroleum Products Revolving Fund

Statement of Operations

For the Year Ended March 31 (thousands of dollars)		**2003**		**2002**
Revenue				
Sale of petroleum products (Note 5)	$	12,444	$	13,066
Cost of goods sold		8,822		9,548
Gross profit		3,622		3,518
Rent and other revenue		169		85
		3,791		3,603
Expenses				
Commissions		1,369		1,541
Salaries, wages & employee benefits		874		898
Purchased services		510		647
Material, supplies and utilities		249		223
Travel		150		167
Insurance		99		81
Miscellaneous		85		73
		3,336		3,630
Net profit (loss) from operations	$	455	$	(27)

The accompanying notes are an integral part of the financial statements.

GOVERNMENT OF THE NORTHWEST TERRITORIES
PUBLIC WORKS AND SERVICES
PETROLEUM PRODUCTS DIVISION

Petroleum Products Revolving Fund

Statement of Amount Due to the Government of the Northwest Territories

For the Year Ended March 31 (thousands of dollars)		**2003**		**2002**
Balance, beginning of year	$	7,009	$	6,159
Plus:				
Payments Made by the Government				
Purchases of petroleum products		7,385		10,433
Operating expenses		3,254		3,637
Profit from Operation		455		
Less:				
Transfers to the Government				
Sales proceeds		12,030		13,193
Loss from operation		-		27
Balance, end of the year	$	6,073	$	7,009

The accompanying notes are an integral part of the financial statements

GOVERNMENT OF THE NORTHWEST TERRITORIES
PUBLIC WORKS AND SERVICES
PETROLEUM PRODUCTS DIVISION

Petroleum Products Revolving Fund

Notes to the Financial Statements
as at March 31, 2003

1. **Authority and Operations**

The Petroleum Products Revolving Fund (the "Fund") was established in 1973 for the distribution of petroleum products in the Northwest Territories. The Fund operates under the authority of the Revolving Funds Act (the "Act") and the Northwest Territories Financial Administration Act. The Petroleum Products Division of the Department of Public Works and Services of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund receives working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The Fund's purchases of petroleum products and operating expenses are paid from the CRF and funds received by the Fund are deposited in the CRF. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities is $55 million.

The prices for the Fund's petroleum products are approved by the Government. It is the expectation of the Government that the Fund's cost of goods sold and operating expenses will be recovered through the price structure to achieve a break-even operation. Under the Act, there is a special account in the CRF called the Petroleum Products Stabilization Fund to which profits of the Fund shall be credited and losses shall be charged. The debit or credit amount in the Stabilization Fund shall not exceed $5,000,000 at the end of any fiscal year. The balance in the stabilization Fund at March 31, 2003 is a surplus of $454,614.

In March 2003, the Legislative Assembly approved a Supplementary Appropriation to write off the deficit balance of the Petroleum Products Stabilization Fund as at March 31, 2002.

Stabilization Fund	**Mar-31**	**Mar-31**
(thousands of dollars)	**2003**	**2002**
(Deficit) at beginning of year	$ (4,191)	$ (4,163)
Net Profit (Net Loss)	455	(28)
Write off of Stabilization Fund Deficit	4,191	-
Surplus (Deficit) at ending of year	$ 455	$ (4,191)

2. **Significant Accounting Policies**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the year. Actual results could differ from those estimates. A summary of significant accounting policies of the Fund are as follows:

a. **Inventories**

Inventories are valued at the lower of weighted average cost and net realizable value.

b. **Services Provided Without Charge**

Capital Assets and Environmental Restoration Costs
The Fund does not record the value of the capital assets used in its operations and any related environmental restoration costs. The capital assets include fuel storage facilities and fuel delivery equipment. The capital assets are provided without charge to the Fund by the Government. The Fund is responsible for the maintenance of the capital assets used in its operations

Financing Costs
The Fund does not record the financing cost on the working capital advances provided from the CRF.

Further information on capital assets and environmental restoration costs and financing costs is provided in Note 6 and 9.

Other Services Provided Without Charge
Other than an annual administration fee of $60,000 charged by Public Works and Services, the Fund does not record the following services provided without charge by the Government: the procurement of goods and services, the processing of payroll, legal counsel and internal audit services.

c. **Pensions**
The Fund and its employees, who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute equally to the cost of the plan. These contributions represent the total pension obligation of the Fund and are expensed on a current year basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

d. **Employee Leave and Termination Benefits**
Under the terms and conditions of employment, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs. The estimated liability for these benefits is recorded as the benefits are earned by the employees.

3. Accounts Receivable

(thousands of dollars)	Mar-31 2003	Mar-31 2002
Commercial/Private	$ 1,587	$ 1,269
Territorial Municipalities & Housing Associations	1,033	745
Government of the Northwest Territories:		
Departments and Agencies	443	477
Northwest Territories Power Corporation	419	401
	862	878
Government of Canada	51	45
	3,533	2,937
Less: Allowance for Doubtful Accounts	(107)	(94)
	$ 3,426	$ 2,843

4. Inventories

(thousands of dollars)	Mar-31 2003	Mar-31 2002
Heating fuel	$ 3,461	$ 4,550
Gasoline	1,361	1,421
Other fuel	52	44
	$ 4,874	$ 6,015

5. Sale of Petroleum Products

(thousands of dollars)	2003	2002
Commercial/Private	$ 4,864	$ 4,751
Territorial Municipalities & Housing Associations	3,188	3,222
Government of the Northwest Territories:		
Northwest Territories Power Corporation	1,350	1,456
Departments and Agencies	908	1,128
Wholesale Revenue	1,958	2,348
Government of Canada	176	161
	$ 12,444	$ 13,066

6. Services Provided Without Charge

a. Capital Assets and Environmental Restoration Costs

The accounting policies of the Fund do not require the capitalization of capital assets. However, internal controls are maintained to safeguard assets. Donated capital assets are valued at management's best estimates of original cost. Capital assets are amortized over the estimated useful life of the related assets at the following rates:

Fuel Storage Facilities	30 years straight line, no salvage
Fuel Delivery Vehicles	10 years straight line, no salvage

(thousands of dollars)	Cost	Accumulated Amortization	Mar-31 2003 Net Book Value	Mar-31 2002 Net Book Value
Fuel Storage Facilities	$ 21,098	$ 9,844	$ 11,254	$ 9,704
Fuel Delivery Vehicles	2,377	1,466	911	602
Construction in progress	363		363	626
	$ 23,838	$ 11,310	$ 12,528	$ 10,932

b. Financing Costs

Management estimated that the Fund required up to $11,000,000 in working capital with an estimated financing cost of $225,741 for the year (2001/2002 was $13,000,000 and $312,046 respectively). The financing cost is based upon the average monthly balance due to the Government at a monthly average borrowing rate applicable to the Government ranging from 2.46% to 3.28% per annum.

7. Fair Value of Financial Instruments

The carrying values of accounts receivable, accounts payable and accrued liabilities are reasonable estimates of the fair value due to the relatively short period to maturity of the financial instruments.

8. Related Party Transactions

In addition to those transactions with related parties disclosed elsewhere in the financial statements, the Fund is related in terms of common ownership to all Government created departments, agencies and Crown Corporations. The Fund enters into transactions with these entities in the normal course of business, with the exception of the Northwest Territories Power Corporation (NTPC). In accordance with an agreement with the Government, NTPC is charged the landed cost to purchase and deliver petroleum products to its facilities in the communities, such as Lutsel K'e, Wha Ti, Tulita, Paulatuk and Holman, in the Northwest Territories.

9. Commitments and Contingencies

a. Fuel Resupply Contracts

The Government has a contract for the supply and delivery of bulk petroleum products, by barge, with the Northern Transportation Company Limited. The renewed contract expires at the termination of the 2004 summer resupply. The Government also enters into a two-year contract for the supply and delivery of bulk petroleum products, by tanker truck, for furtherance to the communities serviced by winter/ice roads With Bassett Petroleum Distributors Ltd. This contract is scheduled to terminate in January 2004 with Bassett Petroleum. However the contract does include an option for a further 24-month term at the discretion of the Government.

b. Community Fuel Delivery Contracts

The Government provides local fuel delivery services in 15 communities across the Northwest Territories. The contracts for sales, dispensing and delivery services are awarded based on a competitive request for proposal (RFP) process. Contracts are awarded to local residents or businesses. Twelve contracts will expire in the fiscal year ending 2004, one in 2005 and two in 2006. Under these contracts, fixed commission rates are paid. The value of this commitment is estimated at $1,361,000 as per the detailed listing below

Commitment			
2004	2005	2006	Total
$ 996,000	$ 210,000	$ 155,000	$1,361,000

Historically the government pays $1.3 million in commissions to local contractors in the 15 communities that the government serves.

c. Environmental Site Assessment

The government has completed comprehensive environmental site assessments at each of its bulk fuel storage pipeline distribution systems. Each facility was the subject of code compliance audit, soil and groundwater testing, delineation of known areas of contamination and the preparation of recommendations for remedial action on a site by site basis. The assessments confirm that hydrocarbon contamination is present at all sites. The level of contamination however differs for each site.

There have been nine Phase III Assessments and one Risk Assessment completed to date. The estimate cost to remediate all contaminated sites is estimated to be in the range between $6,446,000 and $9,669,000. This value is based upon the most recent experience of others who have undertaken similar environmental remediation projects. While PPD expects remediation costs to come within the estimated range, costs certainty cannot be obtained until remediation has commenced and the scope of work or the level of contamination has been confirmed. A remediation plan has been prepared to reduce this liability over the next five to ten years.

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Northwest Territories
Business Credit Corporation

Financial Statements

for the year ended
March 31, 2003

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NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Northwest Territories Business Credit Corporation (the Corporation) were prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting policies exist, management has chosen those it deems most appropriate in the circumstances. Financial statements include amounts requiring estimates, which have been made based upon informed judgment as to the expected results of current transactions and events, such as the provision for losses on impaired loans and services provided by the Government of the Northwest Territories (the Government) without charge. Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the financial statements.

The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, and that assets are acquired prudently, used to further the Corporation's aims, and are protected from loss.

The Corporation is subject to the *Northwest Territories Business Credit Corporation Act* and the *Financial Administration Act*. It also receives ministerial directives establishing policy guidelines. Management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable legislation and for maintaining standards of conduct that are appropriate to a territorial Crown corporation.

The Board of Directors appoints certain of its members to serve on the Management Sub-Committee. This Sub-Committee oversees management's responsibility for financial reporting and reviews and recommends the financial statements to the Board for approval.

The Auditor General of Canada annually provides an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of this audit are, in all significant aspects, in accordance with the specified legislation.

Afzal Curimbhoy,
Chief Executive Officer

June 6, 2003

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of the
Northwest Territories Business Credit Corporation

I have audited the balance sheet of the Northwest Territories Business Credit Corporation as at March 31, 2003 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Northwest Territories Business Credit Corporation Act* and regulations and the by-laws of the Corporation.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
June 6, 2003

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

BALANCE SHEET
MARCH 31, 2003

	$ 000's	
ASSETS	**2003**	**2002**
Cash and Cash Equivalents (Note 3)	$ 43	$ 398
Loans Receivable (Note 4)	35,891	32,484
Accrued Interest Receivable (Note 4)	174	208
	36,065	32,692
Less: Allowance for Losses on Impaired Loans (Note 5)	7,370	6,811
	28,695	25,881
Capital Assets (net of accumulated amortization of $97 (2002: $77))	25	38
	$ 28,763	$ 26,317
LIABILITIES		
Deferred Capital Contribution	$ 25	$ 38
Advance from the Government (Note 6)	31,204	28,523
	31,229	28,561
DEFICIT		
Deficit	(2,466)	(2,244)
	$ 28,763	$ 26,317

CONTINGENT LIABILITIES (NOTE 7)

APPROVED:

Chairperson of the Board of Directors

Chief Executive Officer

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

STATEMENT OF OPERATIONS AND DEFICIT
For the Year Ended March 31, 2003

	$ 000's	
LENDING ACTIVITIES	**2003**	**2002**
Interest Income on Loans Receivable	$ 1,853	$ 1,993
Interest Expense on Advance from the Government (Note 6)	1,119	1,187
Net Interest Income	734	806
Provision for Losses on Impaired Loans (Note 5)	956	1,592
Net Loss on Lending Activities	(222)	(786)
ADMINISTRATIVE EXPENSES		
Salaries and Benefits	624	596
Office	46	53
Amortization	29	23
Professional Fees	23	31
Board Meetings	22	35
Communications	10	12
Computer Services	2	9
	756	759
Net loss before contribution toward administrative expenses	(978)	(1,545)
Less: Administrative Contribution - the Government (Note 9)	756	759
NET LOSS FOR THE YEAR	(222)	(786)
DEFICIT AT THE BEGINNING OF THE YEAR	(2,244)	(1,458)
DEFICIT AT THE END OF THE YEAR	$ (2,466)	$ (2,244)

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2003

	$ 000's	
CASH FLOWS FROM OPERATING ACTIVITIES	**2003**	**2002**
Interest Income on Loans Receivable	$ 1,875	$ 1,973
Interest Repayment of Advance to the Government	(783)	(1,187)
Contribution Received Toward Administrative Expenses	722	729
Administrative Expenses Paid	(722)	(729)
Interest Received on Bank Account	12	20
	1,104	806
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans Receivable Repaid	6,298	5,666
Loans Receivable Disbursed	(10,102)	(7,192)
Purchase of Capital Assets	(15)	(20)
	(3,819)	(1,546)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from the Government	2,345	1,499
Principal Repayment of Advance to the Government	-	(526)
Contribution Received Toward Acquisition of Capital Assets	15	20
	2,360	993
NET (DECREASE) INCREASE IN CASH	$ (355)	$ 253
Cash and Cash Equivalents at Beginning of the Year	$ 398	$ 145
Cash and Cash Equivalents at End of the Year	$ 43	$ 398

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2003

1. AUTHORITY, OBJECTIVE AND OPERATION

The Corporation was established in 1991 pursuant to the *Northwest Territories Business Credit Corporation Act* (Act). It is subject to the *Financial Administration Act* and is a Crown Corporation of the Government and is exempt from income tax.

The Corporation's objective is to stimulate economic development and employment in the Northwest Territories to resident business enterprises, by providing loans, guaranteeing loans made by financial institutions, providing bonds and indemnifying bonding companies which have provided bonds. In addition, the Corporation is responsible for making business development loans to Northern businesses to create economic development opportunities in communities where conventional lending institutions are not prepared to participate. The Corporation's role is a blend of being a last resort lender and a developmental agency for higher risk entrepreneurial ventures.

Economic dependency

The Corporation is economically dependent upon the Government's continuing contributions for direct administrative expenses and advances.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies followed by the Corporation in the preparation of these financial statements are summarized below.

Loans

Loans are stated at the lower of principal amounts or estimated realizable amounts receivable. Accrued interest receivable and an allowance for losses on impaired loans are recorded separately.

Allowance for losses on impaired loans

The allowance for losses on impaired loans represents management's best estimate of probable losses on loans at the end of the fiscal year. The allowance has a specific and general component.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Allowance for losses on impaired loans (cont'd)

a) Specific allowance: A loan is classified as impaired when one or more of the following conditions exist:

- in the opinion of management, there is reasonable doubt as to the ultimate collectability of principal or interest, or
- principal or interest is six months past due, unless the loan is well secured, or
- the loan has been previously restructured and principal or interest is three months past due, or
- principal or interest is twelve months past due regardless of whether or not the loan is well secured.

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated realizable amount as determined based on management's estimates. This is the lower of the recorded amount of the loan or the net fair market value of the underlying security of the loan. The amount of initial impairment and any subsequent changes in the amount of impairment are recorded as a charge or credit to the specific allowance.

b) General allowance: In addition to the specific allowance, the Corporation maintains a general allowance, established at two percent (2%) of loans receivable, net of the specific provision, to reflect management's estimate for losses on those impaired loans which cannot yet be specifically identified. The general allowance is determined based on historical loss experience, aggregate exposure in particular industries or geographical regions, and prevailing economic conditions.

Revenue recognition

Interest revenue on loans receivable is normally recognized on an accrual basis. The Corporation ceases to accrue interest once a loan is classified as impaired. Payments received on impaired loans are credited to the loan balance and recognized as revenue only when either the loan balance has been repaid or the loan is no longer classified as impaired. Payments received on any previously written off loans are recognized as revenue.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital assets

Capital assets are recorded at cost. Amortization is calculated on a straight line basis over the estimated useful life of the assets as follows:

Computers	3 years
Furniture and Equipment	4 years

Employee future benefits

The Corporation and its employees who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation.

Under the conditions of employment, employees earn non-pension employment benefits for annual leave, retirement and severance pay. The costs are accrued as the benefits are earned. Accrued termination benefits are paid upon resignation, retirement or death of employees by the Government.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Some of the more significant estimates made relate to loans and accrued interest receivable, allowance for losses on impaired loans and provision for losses on impaired loans.

3. CASH AND CASH EQUIVALENTS

The Corporation's cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. The cash can be withdrawn at any time, and is not restricted by maturity dates on investments made by the Government.

3. CASH AND CASH EQUIVALENTS (CONT'D)

The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments depending on the investment class, are rated R-1 Low or better from the Dominion Bond Rating Service Limited. The Corporation's average investment yield was 2.3% during the year (2002: 3.4%).

Net investment income of $12,000 (2002: $20,000) is included in Interest Income on Loans Receivable.

4. LOANS AND ACCRUED INTEREST RECEIVABLE

The Corporation provides loans with only fixed rates based on a term period not exceeding five years and an amortization period not exceeding twenty-five years as determined by the amount of the loan approved to, the types of security provided by and the repayment ability of the clients.

	Range of Annual Interest Rates		$ 000's	
Region	2003	2002	2003	2002
Loans Receivable				
Deh Cho	5.75 - 9.50%	5.75 - 9.50%	$ 3,151	$ 3,635
Inuvik	6.50 - 9.50%	6.75 - 9.50%	4,082	2,541
North Slave	3.50 - 9.75%	3.50 - 9.75%	12,993	11,590
Sahtu	6.75 - 9.50%	6.75 - 9.50%	2,769	3,112
South Slave	5.75 - 9.50%	6.75-10.25%	12,896	11,606
			35,891	32,484
Accrued Interest Receivable				
Current			140	123
Arrears			34	85
			174	208
			$ 36,065	$ 32,692

Loans receivable and accrued interest include $9,185,000 (2002: $9,904,000) that the Corporation has specifically classified as impaired. In 2003, interest not accrued on impaired loans totalled $800,000 (2002: $609,000).

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

The value of assets in which the Corporation has title to or foreclosed on totalled $770,000 in the loan balance (2002: $1,022,000). These loans have related allowances for losses totalling $625,000 (2002: $744,000).

As of March 31, 2003, loans receivable are expected to mature as follows:

Maturity Date	Range of Annual Interest Rates	$ 000's
Loans past due	6.50 – 9.50%	$ 9,625
2004	6.00 – 9.00%	4,576
2005	7.00 – 9.50%	3,033
2006	6.75 – 9.50%	3,533
2007	6.00 – 9.75%	3,861
2008 and beyond	3.50 – 9.50%	11,263
		$ 35,891

Write-offs

Under the provisions of the *Financial Administration Act*, a loan (outstanding principal and interest) can only be approved for write-off by either the Legislative Assembly (over $20,000) or the Board of Directors ($20,000 or less). A loan written off is still subject to collection action.

In 2003, no accounts were written off by the Legislative Assembly (2002: nil). Twelve accounts representing eleven borrowers totalling $56,010 were written off by the Board of Directors (2002: nil).

In 2003, recoveries on loans previously written off totalled $2,067 (2002: $900).

Forgiveness

Under the provisions of the *Financial Administration Act*, a loan can only be approved for forgiveness by either the Legislative Assembly (over $1,000) or the Financial Management Board ($1,000 or less). Once a loan has been forgiven, no further collection action is possible.

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

Forgiveness (cont'd)

In 2003, ten accounts representing nine borrowers totaling $341,176 were forgiven by the Legislative Assembly (2002: nil). No accounts were forgiven by the Financial Management Board (2002: nil).

Credit risk

The Corporation's credit risk exposure relating to loans receivable is directly impacted by the borrowers' ability to meet their obligations. This ability is impacted by the borrowers' exposure to fluctuations in the economy of the Northwest Territories.

The Corporation mitigates credit risk by holding no significant concentration with any individual borrower. It is prevented by the Act from lending to any one business enterprise or to a group of related enterprises an amount in excess of $2 million. Where appropriate, the Corporation takes securities for the loans.

Economic sector diversity

The Corporation diversifies its loan portfolio by providing loans to various economic sectors of the Northwest Territories.

	$ 000's	
	2003	2002
Trade and Services	$ 21,076	$ 19,123
Travel and Tourism	5,195	4,438
Construction	4,221	3,491
Manufacturing	2,103	2,000
Transportation, Communication and Utilities	2,079	2,272
Fisheries	589	505
Agriculture	224	224
Wildlife	198	213
Arts and Crafts	162	157
Forestry	44	61
	$ 35,891	$ 32,484

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

Fair Value

The carrying value, estimated to be the fair value of the loans, is stated at the lower of principal amounts or estimated realizable amount receivable. The Corporation bases its estimate of the fair value of the loans on analysis of the principal outstanding and the value of any underlying security. As with any estimate, uncertainly is inherent due to the unpredictability of future events. Estimates of fair values are based on market conditions at a certain point of time, and may not be reflective of the actual values that could be realized upon settlement.

5. ALLOWANCE FOR LOSSES ON IMPAIRED LOANS

	$ 000's	
	2003	2002
Specific Allowance for Losses on Impaired Loans:		
Balance at beginning of year	$ 6,286	$ 4,693
Provision for the year	899	1,593
	7,185	6,286
Less: write-offs	56	-
forgiveness	341	-
	397	-
Balance at end of year	6,788	6,286
General Allowance for Losses on Impaired Loans:		
Balance at beginning of year	525	526
Provision for the year	57	(1)
Balance at end of year	582	525
Allowance for Losses on Impaired Loans	$ 7,370	$ 6,811

6. ADVANCE FROM THE GOVERNMENT OF THE NORTHWEST TERRITORIES

The Act authorizes the Corporation to borrow for the purpose of lending, up to $50 million from the Government through an advance. Increases to the outstanding balance of the advance must be approved by the Financial Management Board based on the need of the Corporation. The balance was not to exceed $38 million as at March 31, 2003 (2002: $38 million).

Interest on the advance is based on the rate set at the last week of each month of the Government of Canada 3-year bonds, compounded annually. The rate varied from 3.5% to 4.3% during the year (2002: 3.4% to 5.4%).

There are no fixed repayment terms on the advance. Repayment on the advance is made whenever the Corporation has sufficient cash on hand not earmarked for lending purposes.

The carrying amount of the advance from the Government of the Northwest Territories of $31,204,000 (2002: $28,523,000) approximates fair value.

7. CONTINGENT LIABILITIES

The Corporation is named as defendant in one proceeding and as co-defendant in a second proceeding. Both proceedings are related to steps taken by the Corporation to call and enforce its rights involving the collateral security of loans. An estimate of the contingent loss arising from these actions, if any, cannot be reasonably determined at this time. Liability arising from these proceedings, if any, will be reflected as an expense when determined.

The Corporation approved an irrevocable standby letter of credit to a maximum of $193,000. On March 31, 2003, a total of $142,000 was provided.

8. PUBLIC SERVICE SUPERANNUATION PLAN

Under the Public Service Superannuation Plan, the expense for the Corporation's share of contribution totalled $59,000 (2002: $55,000) at a rate of 2.14 times the employee's contribution. The contributions from the Corporation and its employees represent the total pension obligation of the Corporation and are recognized in the accounts on a current basis.

9. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed, the Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

Administrative contribution

Under the terms of administrative agreements between the Corporation and the Government, direct administrative expenses of the Corporation are paid by the Government. Accrued expenses such as amortization and the annual leave are recorded as charges against the contribution in the year they are incurred.

Services provided without charge

The Corporation does not record the value of other capital assets or services provided by the Government without charge in these financial statements. Services provided by the Government include accounting support, regional and human resource services as well as office accommodation and some capital assets. The values of such services are estimated as follow:

	$ 000's	
	2003	2002
Staff support	$ 540	$ 168
Accommodation	48	48
Employee future long term benefits	7	10
	$ 595	$ 226

Cumulative employee future long term benefits accrued at March 31, 2003 is $92,000 (2002: $85,000).

Furthermore, the Corporation receives audit services without charge from the Office of the Auditor General of Canada.

10. SUBSEQUENT EVENT

The Minister responsible for the Corporation has drafted and plans to table a Bill to enact the *Northwest Territories Business Development and Investment Act*. If passed in the legislature, the Bill would create the Northwest Territories Business Development and Investment Corporation which then will assume the operations of the Corporation.

Legislative Assembly Retiring Allowance Fund

Financial Statements

for the year ended
March 31, 2003

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AVERY, COOPER & CO.
Certified General Accountants

Gerald F. Avery, F.C.G.A.
Douglas E. Cooper, C.G.A.
W. Brent Hinchey, B. Comm., C.G.A.
Kent D. Ferguson, B. Comm., R.P.A., C.F.E., F.C.G.A.

Toll-Free: 1-800-661-0787
http://www.averyco.nt.ca

4918 - 50th Street, P.O. Box 1620
Yellowknife, N.W.T. X1A 2P2
Telephone: (867) 873-3441
Facsimile (867) 873-2353

AUDITORS' REPORT

To the Management and Services Board
Legislative Assembly Retiring Allowance Fund

We have audited the Statement of Net Assets Available for Benefits of the Legislative Assembly Retiring Allowance Fund as at March 31, 2003, the Statement of Changes in Net Assets Available for Benefits for the year then ended and the Statement of Obligations for Pension Benefits as at March 31, 2003. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly in all material respects the Net Assets Available for Benefits as at March 31, 2003 and the changes in its Net Assets Available for Benefits for the year then ended in accordance with the basis of accounting as disclosed in Note 2 to the financial statements.

Avery, Cooper & Co.

AVERY, COOPER & CO.
Certified General Accountants
Yellowknife, NT

April 18, 2003

msi LEGAL & ACCOUNTING NETWORK

AVERY COOPER IS A MEMBER OF MSI, A NETWORK OF INDEPENDENT PROFESSIONAL FIRMS

Northwest Territories Legislative Assembly

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Legislative Assembly Retiring Allowance Fund

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian generally accepted accounting principles. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Board's management recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The Auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditor also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the NWT Legislative Assembly.

Hewitt Associates, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriation of actuarial valuations of accrued pension benefits of the board.

On behalf of the Management and Services Board

Chair

Secretary

April 18, 2003

Yellowknife, Northwest Territories, Canada X1A 2L9/Fax (403) 920-4735/Telephone (403) 669-2200

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

NET ASSETS AVAILABLE FOR BENEFITS
March 31, 2003

	2003	2002
ASSETS		
CURRENT		
Accounts Receivable	$ 18,783	$ 19,516
Accrued Investment Income	3,623	3,779
	22,406	23,295
INVESTMENTS		
Retiring Allowance Fund (Notes 2 and 3)	14,726,165	16,772,224
	$ 14,748,571	$ 16,795,519
LIABILITIES		
CURRENT		
Accounts Payable	$ 39,054	$ 19,475
FUND BALANCE		
RETIRING ALLOWANCE FUND BALANCE		
Net Assets Available for Benefits per page 2	14,709,517	16,776,044
	$ 14,748,571	$ 16,795,519

APPROVED:

Director

Director

See the accompanying notes.

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended March 31, 2003

	2003	2002
INCREASE (DECREASE) IN ASSETS		
Contributions	$ 195,215	$ 98,042
Interest and Dividends	808,242	678,202
	1,003,457	776,244
Current Period Change in Fair Market Value of Investments	(2,542,765)	(173,026)
Total Increase (Decrease) in Assets	(1,539,308)	603,218
DECREASE IN ASSETS		
Benefits		
Pension Payments	433,006	421,902
Administrative		
Actuary Fees	94,213	70,102
Total Decrease in Assets	527,219	492,004
INCREASE (DECREASE) IN NET ASSETS	(2,066,527)	111,214
NET ASSETS AVAILABLE FOR BENEFITS		
- BEGINNING OF YEAR	16,776,044	16,664,830
- END OF YEAR	$ 14,709,517	$ 16,776,044

See the accompanying notes.

LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND

STATEMENT OF OBLIGATIONS FOR PENSON BENEFITS
March 31, 2003

	2003	2002
ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS		
Active Members	$ 2,946,000	$ 2,281,000
Pensioners	8,092,000	8,106,000
Total Ongoing Plan Liabilities (Note 4)	11,038,000	10,387,000
ACTUARIAL VALUE OF NET ASSETS AVAILABLE FOR BENEFITS		
Net Assets Available for Benefits	17,831,000	17,764,000
Changes not reflected in actuarial value of net assets	(3,121,483)	(987,956)
Adjusted Actuarial Value of Net Assets Available For Benefits (page2)	14,709,517	16,776,044
EXCESS OF ACTUARIAL VALUE OF NET ASSETS OVER ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS	$ 3,671,517	$ 6,389,044

See the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

NOTE 1 DESCRIPTION OF PLAN

a) General

The fund was established pursuant to the Legislative Assembly Retiring Allowances Act and is administered by the Management and Services Board. The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time for six or more years prior to October 16, 1995 or four or more years after October 16, 1995, commencing March 10, 1975, the date of the first fully elected Legislative Assembly.

b) The following description of the Legislative Assembly Retiring Allowance Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

1) Funding Policy

The Legislative Assembly Retiring Allowance Act requires that the plan sponsor, the Government of the Northwest Territories, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of a triennial actuarial valuation for the fund (See Note 4).

In accordance with the Trust agreement, Plan members are required to contribute 6.5% of their salary and per diem allowances to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any surplus existing in the Plan may be used to reduce the required employer contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements of the Pension Benefits Standards Act.

2) Normal Retirement Age

a. Service Prior to 1992

Age 55

b. Service After 1991

The earliest of:

- age 60
- 30 years of service
- age plus service equals 80

NOTE 1 DESCRIPTION OF PLAN - cont'd

3) Retirement Pension

A retirement pension is payable to a member, based on 2% of the average earnings over four consecutive years as an MLA multiplied by Credited Service as an MLA.

PLUS

2% of the average best earnings over four consecutive years in that capacity of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

4) Early Retirement

A member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

A pension which is actuarially equivalent to the pension calculated as if the member was 55.

b. Service after 1991.

A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

5) Late Retirement

Up to age 69.

6) Maximum Allowance

For benefits earned after 1991, the annual retirement pension payable shall not exceed the lessor of:

a. the defined limit as prescribed under the Income Tax Act of Canada for the year in which the pension commences, times the years of credited service after 1991;

b. 2% of the average annual indexed pensionable remuneration, times the years of credited service after 1991.

NOTE 1 DESCRIPTION OF PLAN - cont'd

7) Form of Pension

a. Service Prior to 1992

The normal form of payment is a joint and 75% survivor pension reducing on the death of the Member.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent.

b. Service After 1991

The normal form of payment for service after 1991 is a joint and 66-2/3% survivor pension reducing on the death of the Member with a guarantee of 100% of the first 60 monthly payments in any event.

Each Dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 100% shall be divided by the number of children for the first 60 monthly payments after the Member's pension commencement and then 25% of the benefit thereafter.

8) Increases in Pension

Pensions in pay and deferred pensions are increased every January 1st based on increases in the Consumer Price Index up to the preceding September 30th.

9) Pre-Retirement Death Benefits

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If he was eligible to receive a pension, it will be assumed that the Member retired on the day preceding his death and elected the normal form of pension.

10) Withdrawal Benefits

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan nor the benefit security of individual plan members.

b) Contributions are recognized in the accounts on an accrual basis based on earnings as reported by the members' employers.

c) Pension and termination benefits are shown as expenditures in the year of payment.

d) Investments for the Legislative Assembly Retiring Allowance Fund are stated at fair market value.

NOTE 3 INVESTMENTS - RETIRING ALLOWANCE FUND

	2003	%	2002	%
Funds Managed by Investment Counsellors				
Cash and Cash Equivalents	$ 1	-	$ 2,467	-
UBS Capital Balance Fund (Cost $8,653,129; 2002-$13,310,610)	7,509,448	51.0	16,399,592	97.8
Temporary Investments (Cost $1,114,977 ; 2002-zero)	1,114,977	7.6	-	-
NWT Legislative Assembly Building Society Series A Bonds (Cost $339,775; 2002 - 353,236)	356,059	2.4	370,165	2.2
Canada Fixed Income Mutual Funds (Cost $5,856,949; 2002 - zero)	5,745,680	39	-	-
Total at Fair Market Value	$ 14,726,165	100	$ 16,772,224	100

NOTE 4 OBLIGATIONS FOR PENSION BENEFITS

The present value of accrued pension benefits was determined using the projected accrued benefit method prorated on service and the plan administrator's best estimate assumptions. The most recent actuarial valuation was made as of April 1, 2002 by Hewitt Associates, a firm of consulting actuaries. This actuarial valuation report was prepared to March 31, 2003 using the projected accrued benefit actuarial cost method (also known as the projected unit credit method), prorated on service. The report was prepared in accordance with accepted actuarial practice and in accordance with Section PS3250 of the CICA Public Sector Accounting and Auditing Handbook.

The principal components of changes in actuarial present values during the year were as follows:

	2003	2002
Actuarial present value of accrued pension benefits - beginning of year	$ 10,387,000	$ 9,824,000
Cost of benefits earned	437,000	402,000
Interest accrued on benefits	743,000	701,000
Experience gains and losses	(97,000)	(118,000)
Benefits paid	(432,000)	(422,000)
Actuarial present value of accrued pension benefits - end of year	$ 11,038,000	$ 10,387,000

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long term actuarial assumptions used in the market valuation were:

	2003	2002
Valuation Interest Rate (net of expenses)	7.0%	7.0%
Salary Projection Rate	5.0%	5.0%
Interest Credited on Contributions	7.0%	7.0%
Inflation Rate	4.0%	4.0%

The actuarial value of net assets available for benefits was determined based on market value on January 31, 2003. The actuarial value of assets is equal to a smoothed market value which spreads the difference between actual and expected investment income over a four year period and is then adjusted for payments due to, and payable from, the pension fund.

NORTHWEST TERRITORIES HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 2003

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Honourable Roger Allen
Minister Responsible for the
Northwest Territories Housing Corporation

The accompanying financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. Management is responsible for the integrity and objectivity of the data in these financial statements and, where appropriate, the statements include estimates and judgements based on careful consideration of information available to Management.

Management has developed and maintains books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the Financial Administration Act, the Housing Corporation Act and policies of the Corporation. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the financial statements of the Corporation. She also considers whether the transactions that come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

Tom R. Beaulieu
President

J.B. (Jeff) Anderson, CGA, CPA
Chief Financial Officer
Finance and Corporate Services

Yellowknife, NT
June 13, 2003

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of the
Northwest Territories Housing Corporation

I have audited the balance sheet of the Northwest Territories Housing Corporation as at March 31, 2003 and the statements of operations, deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations and the *Northwest Territories Housing Corporation Act* and regulations.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
June 13, 2003

NORTHWEST TERRITORIES HOUSING CORPORATION

Balance Sheet
As at March 31, 2003

	2003 ($'000)	2002 ($'000)
ASSETS		
Current		
Cash	$ -	$ 231
Short-term investments (Note 3a)	14,705	14,984
Accounts receivable (Note 4)	9,312	6,191
	24,017	21,406
Fixed-term investments (Note 3b)	2,010	-
Investment in housing projects		
Land and buildings (Note 5a)	125,802	127,331
Mortgages receivable (Note 5b)	3,380	3,779
	129,182	131,110
Property and equipment (Note 6)	4,304	4,381
	$ 159,513	$ 156,897
LIABILITIES		
Current		
Bank indebtedness	$ 1,161	$ -
Accounts payable (Note 7)	10,221	7,312
Due to the Government of the Northwest Territories (Note 8)	1,141	1,690
Current portion of long-term debt and capital leases	4,454	4,041
	16,977	13,043
Long-term debt (Note 9)	89,917	94,016
Deferred capital contributions (Note 10)	44,792	43,280
Obligation under capital leases (Note 11)	8,491	8,844
Employee future benefits	1,255	1,187
	161,432	160,370
EQUITY		
Accumulated deficit	1,919	3,473
	$ 159,513	$ 156,897

Contingencies and commitments (Notes 16 and 17)

Approved by Management:

President

Chief Financial Officer

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Operations
For the year ended March 31, 2003

	2003 ($'000)	2002 ($'000)
Expenses		
Rental housing programs		
Contributions for social housing	$ 32,866	$ 30,792
Interest on long-term debt	10,458	10,661
Amortization	6,866	7,080
Repairs, maintenance, and other costs	4,748	4,625
Homeownership programs		
Homeownership grants and contributions	9,230	4,504
Mortgage subsidies	4,812	4,772
Provision for impaired mortgages	1,579	1,028
Administration (Note 15)	12,988	12,199
Administration of government staff housing	403	431
	83,950	76,092
Revenues and recoveries		
Other revenue and recoveries	1,343	1,074
Investment revenue	793	502
Recoveries from government for staff housing	374	412
Mortgage interest revenue	237	328
Gain on disposal of capital assets	661	490
Recovery of prior year grants	238	561
	3,646	3,367
Net cost of operations prior to government contributions	80,304	72,725
Government contributions		
Government of the Northwest Territories	41,634	35,045
Canada Mortgage and Housing Corporation (Note 14)	33,545	33,533
Amortization of deferred capital contributions	2,583	3,064
	77,762	71,642
Net cost of operations	$ 2,542	$ 1,083

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Deficit
For the year ended March 31, 2003

	2003 ($'000)	2002 ($'000)
Accumulated deficit at beginning of year	$ 3,473	$ 5,427
Net cost of operations – unfunded items	2,542	1,083
	6,015	6,510
Contributions from the Government of the Northwest Territories		
Acquisition of non-depreciable capital assets	(3,861)	(2,818)
Long-term debt principal repayment (Note 8)	(235)	(219)
	(4,096)	(3,037)
Accumulated deficit at end of the year	$ 1,919	$ 3,473

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Cash Flows
For the year ended March 31, 2003

	2003 ($'000)	2002 ($'000)
Cash flow from operating activities		
Cash received from:		
Government of the Northwest Territories (GNWT)	$ 41,464	$ 36,531
Canada Mortgage and Housing Corporation (CMHC)	29,892	30,513
Miscellaneous revenue and recoveries	1,984	1,929
	73,340	68,973
Cash used for:		
Contributions for social housing	(32,176)	(30,656)
Administration	(12,748)	(12,241)
Interest on long-term debt	(10,454)	(10,672)
Mortgage subsidies	(3,539)	(4,965)
Repairs, maintenance and other costs	(4,748)	(4,625)
Homeownership grants and contributions	(9,369)	(4,295)
Administration of government staff housing	(403)	(431)
	(73,437)	(67,885)
Net cash provided by (used for) operating activities	(97)	1,088
Cash flow from financing activities		
Contribution from GNWT for capital assets	7,956	10,048
Contribution from CMHC for loan repayment	3,404	3,061
Repayment of long-term debt and capital leases	(4,039)	(3,597)
Net cash provided by financing activities	7,321	9,512
Cash flow from investing activities		
Mortgage payments received	758	474
Sale of capital assets	1,032	2,183
Capital assets purchased	(8,675)	(13,786)
Fixed-term investments purchased	(2,010)	-
Short-term investments redeemed (purchased)	279	(1,455)
Net cash used for investing activities	(8,616)	(12,584)
Net decrease in cash	(1,392)	(1,984)
Cash, beginning of year	231	2,215
Cash (bank indebtedness), end of year	$ (1,161)	$ 231

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 2003

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation is a Territorial Crown Corporation, established under the *Northwest Territories Housing Corporation Act.* The Northwest Territories Housing Corporation is exempt from income tax but is subject to Goods & Services taxes.

The Corporation is committed to working in partnership with communities and to provide opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided to all community residents to have homes that support a healthy, secure, independent and dignified lifestyle. The Corporation's principal objective is to develop, maintain and manage public housing programs in the Northwest Territories.

Pursuant to provisions of the *Northwest Territories Housing Corporation Act*, the Corporation is dependent upon the Government of the Northwest Territories (GNWT), either directly or indirectly through guarantees, for the funds required to finance the net cost of its operations, for capital projects and the recovery of staff housing expenditures.

2. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

Revenue recognition

Government contributions provided through the GNWT Department of the Executive are restricted in nature, subject to the provisions of Section 20 of the *Northwest Territories Housing Corporation Act* and Part IX of the *Financial Administration Act*. Accordingly, contributions from the government are recognized as revenue in the year in which the related expenses are incurred.

Contributions and recoveries from the government for operations, grants and contributions to homeowners, repairs, maintenance and other costs are credited to operations, except for those amounts provided for long-term debt principal repayments, which are credited to accumulated deficit. Contributions from the government for depreciable capital assets are recorded as deferred capital contributions on the balance sheet and are amortized on the same basis and over the same periods as the related capital assets. Contributions for non-depreciable capital assets are credited to accumulated deficit.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Federal contributions from Canada Mortgage and Housing Corporation (CMHC) are restricted under provisions of a Social Housing Agreement. Accordingly, federal contributions are recognized as revenue in the year in which the related expenses are incurred.

Federal contributions used for the repayment of loans towards the purchase of capital assets approximate the annual amortization expense of these assets and are recognized in the year received.

Federal contributions provided under the Affordable Housing Program agreement are credited against the capital costs of housing units built under the homeownership and the assisted rental housing programs. The contribution under this program for 2003 is $1,775,000 (2002 - $1,775,000).

Investments

Short-term investments are valued at the lower of cost or market value. Fixed-term investments are valued at cost; with unrealized losses only recognized when it is determined there is a permanent decline in the value of investments. Interest income is recorded on the accrual basis.

Investment in housing projects - land and buildings

Land and buildings constructed or purchased by the Corporation for the rental portfolio or carried in inventory are stated at cost. Buildings transferred to the Northwest Territories Housing Corporation from CMHC are stated at CMHC's book value when transferred. This is considered a reasonable estimation of cost. Construction in progress includes amounts which may be transferred to land and buildings for rental programs and are carried at cost. It also includes amounts that may be transferred to homeowners and a mortgage taken back against the property. These properties are carried at their estimated realizable value.

Amortization for social housing, lease/purchase housing and staff housing is provided using the declining balance method at an annual rate of 5%. The provisions for amortization begin in the year the building is completed or transferred in and are taken for the full year.

Inventoried units are not amortized as these units are expected to turn over within the current period.

Social housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contributions for social housing

Housing units owned by the Corporation are operated by local housing associations, authorities, municipalities and bands. The Corporation provides contributions for the annual operating requirements of these local housing organizations, net of rent revenues collected. These contributions are recorded on an accrual basis by the Corporation.

The Corporation also provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recorded based on actual or estimated costs incurred by each sponsor group in the year.

Employee future benefits

Pension benefits
Employees participate in the Public Service Superannuation Plan (the Plan) administered by the Government of Canada. The Corporation contributes to the Plan based on a multiple of the employee's contributions, which may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Plan.

Non-pension benefits
Under term and conditions of employment, employees earn non-pension benefits for resignation, retirement, and removal based on years of service. The cost of these benefits is determined based on management's best estimates and is accrued as a liability as employees render service.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to: valuation of social housing including buildings under capital lease; valuation of allowances for mortgages receivable and of mortgage subsidies; and the costs of administering social housing programs for the Canada Mortgage and Housing Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in housing projects - mortgages receivable

a) Mortgage subsidies

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagees. Subsidies are expensed in the year the mortgage is approved and are recorded as mortgage subsidies.

Accordingly, the mortgage receivable balance represents the present value of the expected future unsubsidized payments from the mortgages, prior to an allowance for impairment.

Subsequent changes to the amount of subsidy provided, resulting from changes in income of the mortgagee, are recognized in the year the changes occur.

b) Allowance for impaired mortgages

Mortgages are considered impaired when deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. An allowance is established to reduce the recorded value of the mortgage to its estimated realizable value based on the present value of expected payments.

Initial and subsequent changes in the amount of mortgage impairment are recorded in the year the changes occur.

Mortgage interest revenue

Interest income on mortgages is recorded on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter, interest income is recognized on a cash basis, but only after prior write-offs arising from credit losses and the allowance for impairment has been recovered.

Property and equipment

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

Office furniture and equipment	Declining balance	20%
Warehouses and offices	Declining balance	5%

Leasehold improvements are amortized on a straight-line basis over the term of the leases.

3. INVESTMENTS

a) Short-term investments

The Corporation invests in the short-term money market. The market yield of this portfolio ranged from 1.00% to 6.10% in 2003 (2002 – 1.50% to 6.10%). All instruments held are in high quality debt obligations with an average term to maturity of 87 days (2002 - 182 days).

b) Fixed-term investments

	2003			2002
	Effective rate of return	Term to Maturity	Carrying Value ($'000)	Carrying Value ($'000)
Fixed-term investments				
Government of Canada	3.26%	one to five years	$ 1,031	$ -
Trust company	4.75%	one to five years	979	-
			$ 2,010	$ -

The average yield of this portfolio in 2003 was 3.57% (2002 - nil).

4. ACCOUNTS RECEIVABLE

	2003 ($'000)	2002 ($'000)
Accounts receivable	$ 3,063	$ 1,936
Receivables from related parties		
Government of the Northwest Territories	1,207	977
Canada Mortgage and Housing Corporation	4,535	2,511
Local housing organizations	507	767
	$ 9,312	$ 6,191

5. INVESTMENT IN HOUSING PROJECTS

a) Land and buildings

	2003 ($'000)			2002 ($'000)
	Cost	Accumulated Amortization	Net	Net
Land	$ 326	$ -	$ 326	$ 620
Housing for sale	1,779	-	1,779	2,038
Social housing	174,225	67,409	106,816	109,464
Social housing under capital lease	9,753	1,772	7,981	8,569
Lease/purchase housing	4,461	1,251	3,210	2,807
Staff housing	782	126	656	802
Construction in progress	5,034	-	5,034	3,031
	$ 196,360	$ 70,558	$ 125,802	$ 127,331

b) Mortgages receivable

	2003 ($'000)	2002 ($'000)
Mortgages, bearing interest at rates varying between 5.95% and 14.25% per annum, repayable over a maximum period of 25 years	$ 10,530	$ 9,353
Less: allowance for impaired mortgages	(7,517)	(6,365)
	3,013	2,988
Direct lending and land acquisition loans bearing interest at rates varying between 7.75% and 13.25% per annum, repayable over a maximum period of 15 years	855	1,207
Less: allowance for impaired mortgages	(488)	(416)
	367	791
	$ 3,380	$ 3,779

The recorded value of those mortgages specifically identified as being impaired is $8,005,000 (2002 - $6,781,000). There were no write-offs in the current year.

The carrying amounts of mortgages receivable should not be interpreted as the realizable value on immediate settlement of these mortgages due to the uncertainty associated with such a settlement.

6. PROPERTY AND EQUIPMENT

	2003 ($'000)			2002 ($'000)
	Cost	Accumulated Amortization	Net	Net
Warehouses and offices	$ 5,625	$ 2,556	$ 3,069	$ 3,211
Office furniture and equipment	3,932	2,916	1,016	991
Leasehold improvements	372	153	219	179
	$ 9,929	$ 5,625	$ 4,304	$ 4,381

7. ACCOUNTS PAYABLE

	2003 ($'000)	2002 ($'000)
Trade payables	$ 7,469	$ 5,203
Accrued interest	498	494
Employee leave benefits	590	538
Deferred revenues	62	25
Payables to related parties		
Local Housing Organizations	1,388	958
Government of the Northwest Territories	214	94
	$ 10,221	$ 7,312

8. DUE TO THE GOVERNMENT OF THE NORTHWEST TERRITORIES

	2003 ($'000)	2002 ($'000)
Balance at beginning of the year	$ 1,690	$ (167)
Operating contributions	49,276	47,169
Contributions for long-term debt principal repayment	(235)	(219)
Contributions for capital assets	(7,956)	(10,048)
Cost of operations funded by GNWT	(41,634)	(35,045)
Balance at end of year	$ 1,141	$ 1,690

The GNWT makes advances to the Corporation for funding operations, principal repayments of long-term debt, capital assets, and for repairs, maintenance, grants and other costs. Approved contributions recorded in the financial statements are dependent upon actual expenses incurred for the year. Amounts advanced in excess of the actual expenses are due to the GNWT at year-end and are carried forward as a non-interest bearing advance for the following year.

9. LONG-TERM DEBT

	2003 ($'000)	2002 ($'000)
Loans payable to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (2002 - 6.97%). The loans are guaranteed by the Government of the Northwest Territories	$ 27,225	$ 27,754
Mortgages payable to Canada Mortgage and Housing Corporation for units transferred under the Social Housing Agreement, maturing between the years 2004 and 2038, at interest rates ranging from 4.5% to 21.5% (2002 - 4.5% - 21.5%)	66,793	69,978
	94,018	97,732
Portion included in current liabilities	4,101	3,716
	$ 89,917	$ 94,016

Principal repayments and interest requirements over the life of outstanding loans are as follows:

	Principal ($'000)	Interest ($'000)	Total ($'000)
2004	$ 4,101	$ 9,241	$ 13,342
2005	4,522	8,778	13,300
2006	4,991	8,292	13,283
2007	5,333	7,744	13,077
2008	5,096	7,204	12,300
2009-2013	22,223	28,428	50,651
2014-2038	47,752	59,506	107,258

10. DEFERRED CAPITAL CONTRIBUTIONS – GOVERNMENT OF THE NORTHWEST TERRITORIES

	2003 ($'000)	2002 ($'000)
Balance, beginning of year	$ 43,280	$ 39,018
GNWT contribution for depreciable capital assets	4,095	7,326
Amortization of deferred capital contributions	(2,583)	(3,064)
Balance, end of year	$ 44,792	$ 43,280

11. OBLIGATION UNDER CAPITAL LEASES

The Northwest Territories Housing Corporation is committed, in aggregate, to payments of $1,531,000 per annum for 15 lease agreements for housing units that were initiated to support the Public Housing and Senior Citizens' Rent Supplement Programs. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2013 to 2023. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	Future Minimum Lease Payments ($'000)	Executory Costs ($'000)	Imputed Interest ($'000)	Lease Obligation ($'000)
Current				
2004	$ 1,531	$ 373	$ 805	$ 353
Long term				
2005	1,531	373	768	390
2006	1,531	373	733	425
2007	1,531	373	694	464
2008	1,531	373	651	507
2009-2023	13,527	3,259	3,563	6,705
	19,651	4,751	6,409	8,491
Total	**$ 21,182**	**$ 5,124**	**$ 7,214**	**$ 8,844**

12. PENSION BENEFIT EXPENSE

The Public Service Superannuation Plan requires the Corporation to contribute to the PSSA at a rate of 2.14 times (2002 - 2.14 times) the employees' contributions. The Corporation's contributions to the Plan during the year were approximately $861,000 (2002 - $809,000).

13. FINANCIAL INSTRUMENTS

a) Fair Value

The fair values of the Corporation's financial instruments are estimated as follows:

	2003 ($'000)		2002 ($'000)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fixed-term investments	$ 2,010	$ 1,897	$ -	$ -
Loans payable	27,225	27,721	27,754	27,296
Mortgages payable	66,793	94,567	69,978	94,931

Fair values for fixed-term investments are the market value as at March 31.

The fair value of loans and mortgages payable is based on an estimated market value of the debt. This is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

The fair value of the remaining financial assets and liabilities approximate the carrying amounts because of the short term to maturity.

b) Credit Risk

Investments are managed by the Corporation's external investment managers. All investments have an R-2 high or an AA rating or higher from the Dominion Bond Rating Service. Investments are limited to a maximum of 10% to 50% of the total portfolio and a maximum dollar value of $10 million depending on the issuer of the investment. There is no significant concentration in any one investment counterparty.

Accounts receivable consists primarily of amounts due from GNWT, CMHC and federal Goods and Services Tax rebates, which in aggregate represent 70% (2002 – 65%) of balances outstanding.

Mortgage credit risk arises from the possibility that clients might be unable to fulfill their obligation under mortgage contract. This risk is mitigated by verifying employment status and income, and by performing a credit assessment which includes ensuring there are no rent arrears with Local Housing Organizations.

Loan guarantees provided by the Corporation to banks are in respect of loans advanced to individual homeowners and contractors throughout the Territory. Guaranteed loans mature at various dates to the year 2023. Losses relating to loan defaults are not significant to the Corporation's 2003 operations.

14. CONTRIBUTIONS FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2003 ($'000)	2002 ($'000)
Recoveries in respect of:		
Operations and maintenance		
Contributions for social housing including interest expense	$ 31,008	$ 31,011
Repairs, maintenance, and other costs	2,537	2,522
	$ 33,545	$ 33,533

Under the terms of a Social Housing Agreement (SHA) with Canada Mortgage and Housing Corporation (CMHC), the Corporation assumed full responsibility and liability for the management of social housing programs specified in the SHA. The Corporation receives annual funding from CMHC to manage these programs. The SHA and the funding expire in 2038.

CMHC's ownership interest in the social housing and loan portfolio affected by the SHA is transferred to the Corporation as Trustee, in accordance with a Declaration of Trust Agreement. A portion of the SHA funding is used to make payments on portfolio-related CMHC mortgages (note 9). As the related mortgages mature, the Corporation obtains clear title to CMHC's share of the book value of the respective assets. Until clear title is obtained, CMHC is entitled to its respective share of any gains realized upon the disposal of any portfolio assets.

15. ADMINISTRATION EXPENSES

	2003 ($'000)	2002 ($'000)
Salaries and benefits	$ 9,291	$ 8,594
Building and equipment rentals	1,064	983
Travel and relocation	774	946
Computer services	716	449
Professional and special services	587	665
Materials and supplies	324	263
Communications	193	205
Land title fees and expenses	34	39
Workshops and studies	5	50
Miscellaneous	-	5
	$ 12,988	$ 12,199

16. CONTINGENCIES

The Corporation provided guarantees to banks financing certain new or renovated residential housing construction. As at March 31, 2003 a total of 41 (2002 - 30) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $ 7,201,000 (2002 - $2,615,000).

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The value of these third party loans is approximately $40,233,000 as at March 31, 2003 (2002 - $41,448,000).

17. COMMITMENTS

The Corporation leases office space and rent supplement public housing units and is committed to basic rental payments over the next five years. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. The basic rental payments are as follows:

	Total ($'000)
2004	$ 2,625
2005	2,023
2006	1,866
2007	1,060
2008	782

18. RELATED PARTY TRANSACTIONS

The Corporation's relationship with the various local housing organizations (authorities, associations, bands, and municipalities) is as a "partner" in the delivery of social housing, as provided under individual management agreements. The housing authorities are incorporated under the *Northwest Territories Housing Corporation Act* and the Minister responsible for the Corporation appoints the members.

The Corporation funds the operating costs of the local housing organizations based on a funding formula. In addition the local housing organizations complete Modernization & Improvement projects on various social housing units, as approved and funded by the Corporation.

The Corporation is also related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

19. COMPARATIVE FIGURES

Certain of the 2002 comparative figures have been reclassified to conform to the current year presentation.

Northwest Territories Development Corporation

Consolidated Financial Statements

March 31, 2003

Northwest Territories Development Corporation

Management's Responsibility for Financial Reporting

July 25, 2003

To the Minister of the
Northwest Territories Development Corporation

Management is responsible for the preparation and presentation of the consolidated financial statements. The accompanying consolidated financial statements were prepared by management in accordance with Canadian generally accepted accounting principles, and related practices that are appropriate in the circumstances. Where appropriate, the preparation of financial information includes estimates and judgements based on careful consideration of information available to management.

The Northwest Territories Development Corporation (the Corporation) maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Corporation acts in accordance with the laws of the Northwest Territories and Canada. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles and for maintaining standards of conduct that are appropriate to a Territorial Crown corporation.

The Board of Directors (the Board), through the Audit Committee which is comprised of Directors who are not employees of the Corporation, is responsible for reviewing and approving the audited annual financial statements and oversees management's responsibilities for financial reporting and internal controls. The Audit Committee meets with management and the external auditor to discuss the financial reporting process as well as accounting and auditing issues. The Auditor General of Canada has full and free access to the Audit Committee.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. She also considers whether transactions which come to her notice in the course of her audit are, in all significant respects, in accordance with the specified legislation.

Robert F. Murphy
Acting President & Chief Executive Officer

Leonard Kwong, C.M.A.
Acting Vice President & Comptroller

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of the
Northwest Territories Development Corporation

I have audited the consolidated balance sheet of Northwest Territories Development Corporation as at March 31, 2003 and the consolidated statements of operations, deficit and contributed equity - venture investments and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied, after giving retroactive effect to the change in the method of accounting for dividends as explained in Note 3 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and its subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations, the *Northwest Territories Development Corporation Act* and regulations, the *Northwest Territories Business Corporations Act* and regulations, and the by-laws of the Corporation and its subsidiaries.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
July 25, 2003

Northwest Territories Development Corporation

Consolidated Statement of Operations

For the year ended March 31,	2003	2002 Restated (Note 3)
Revenue		
Sales	$ 2,395,529	$ 2,516,308
Cost of goods sold	1,554,335	1,803,457
Gross margin	**841,194**	**712,851**
Dividends	105,791	86,776
Interest	81,026	127,580
Other revenue	128,952	164,122
	1,156,963	**1,091,329**
Expenses		
Selling and administrative (Note 17)	2,873,629	2,861,738
Amortization of capital assets	118,746	167,771
Provision for loss on investments	457,050	643,500
Business development expenditures	46,607	179,329
Site restoration expenses	-	69,449
	3,496,032	3,921,787
Net loss from operations	**(2,339,069)**	**(2,830,458)**
Other items		
Gain on disposal of capital assets	11,770	856
	11,770	856
Net loss before government contributions	**(2,327,299)**	**(2,829,602)**
Government of the Northwest Territories contributions (the Government) (Note 5)	2,904,443	2,477,481
Net income (loss)	**$ 577,144**	**$ (352,121)**

The accompanying notes form an integral part of the financial statements.

Northwest Territories Development Corporation

Consolidated Statement of Deficit and Contributed Equity - Venture Investments

For the year ended March 31,	2003	2002 Restated (Note 3)
Deficit		
Balance, beginning of year	$ (3,524,191)	$ (3,085,294)
Net Income (loss)	577,144	(352,121)
Transfer of dividends to Contributed Equity - Venture Investments	(105,791)	(86,776)
Balance, end of year	**$ (3,052,838)**	**$ (3,524,191)**
Contributed Equity - Venture Investments		
Balance, beginning of year	$ 4,835,316	$ 3,978,540
Contribution from the Government	602,800	770,000
Dividends earned	105,791	86,776
Balance, end of year	**$ 5,543,907**	**$ 4,835,316**

The accompanying notes form an integral part of the financial statements.

Northwest Territories Development Corporation

Consolidated Balance Sheet

As at March 31,	2003	2002
Assets		
Current		
Cash (Note 7)	$ 1,452,698	$ 1,114,164
Accounts receivable	270,420	336,542
Inventory	1,570,224	1,392,618
Prepaid expenses and deposits	12,256	18,406
	3,305,598	2,861,730
Reserve funds (Note 7)	779,492	502,692
Venture investments (Note 8)	1,634,000	1,893,050
Capital assets (Note 9)	835,442	711,051
Sinking fund investment (Note 11)	1,350,000	1,026,000
	$ 7,904,532	**$ 6,994,523**
Liabilities		
Current		
Bank indebtedness (Note 10)	$ 25,194	$ -
Accounts payable and accrued liabilities	391,486	684,451
Current portion of long term debt (Note 11)	1,620,000	-
	2,036,680	684,451
Long-term debt (Note 11)	-	1,620,000
Deferred capital contributions (Note 6)	2,661,530	2,663,694
	4,698,210	4,968,145
Equity		
Contributed surplus - Government	715,253	715,253
Contributed equity - Venture Investments	5,543,907	4,835,316
Deficit	(3,052,838)	(3,524,191)
	3,206,322	2,026,378
	$ 7,904,532	**$ 6,994,523**

Commitments (Note 13).
The accompanying notes form an integral part of the financial statements.

Approved by the Board:

Elizabeth Wyman
Chairperson of the Board

Darrell Beaulieu
Chairperson of the Audit Committee

Northwest Territories Development Corporation

Consolidated Statement of Cash Flow

For the year ended March 31,	2003	2002 Restated (Note 3)
Operating activities		
Net income (loss)	$ 577,144	$ (352,121)
Items not affecting cash		
Amortization of capital assets	118,746	167,771
Amortization of deferred capital contributions	(95,194)	(149,762)
Gain on disposal of capital assets	(11,770)	(856)
Provision for loss on investments	457,050	643,500
Change in non-cash operating working capital (Note 12a)	(398,299)	(974,489)
Cash flows from (used in) operating activities	**647,677**	**(665,957)**
Financing activities		
Contribution from the Government (Note 12b)	695,830	905,500
Contribution to sinking fund	(324,000)	(324,000)
Cash flows from financing activities	**371,830**	**581,500**
Investing activities		
Investment in venture investments	(548,000)	(1,040,000)
Redemptions and repayments by venture investments	350,000	-
Acquisition of capital assets	(243,137)	(126,848)
Proceeds from disposal of capital assets	11,770	856
Cash flows used in investing activities	**(429,367)**	**(1,165,992)**
Increase (decrease) in cash	590,140	(1,250,449)
Cash, beginning of year	1,616,856	2,867,305
Cash, end of year	**$ 2,206,996**	**$ 1,616,856**
Represented by:		
Cash	$ 1,452,698	$ 1,114,164
Reserve funds	779,492	502,692
Bank indebtedness	(25,194)	-
	$ 2,206,996	**$ 1,616,856**

The accompanying notes form an integral part of the financial statements.

1. Authority and operations

(a) Authority

The Corporation is a Territorial Crown corporation of the Government and operates under the authority of the *Northwest Territories Development Corporation Act* (the *Act*) which came into effect August 24, 1990. The Corporation and its wholly owned subsidiaries are agents of the Government.

(b) Operations

The Corporation invests in business enterprises in accordance with the economic objectives of the Government through equity investments, subsidies, loans and project contributions. These economic objectives are to create employment and income opportunities for residents of the Northwest Territories, primarily in small communities, to stimulate growth of businesses in the Northwest Territories and to promote economic diversification and stability.

(c) Economic Dependency

The Corporation is economically dependent upon the Government for continued funding.

(d) Taxes

The Corporation and its subsidiaries are exempt from municipal and territorial taxes pursuant to Section 27 of the *Act*. Furthermore, the Corporation and its subsidiaries are exempt from federal income taxes, pursuant to Paragraph 149(1)(d) of the *Income Tax Act* (Canada).

2. Accounting Principles

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the parent company, Northwest Territories Development Corporation, and its subsidiaries. At March 31, 2003, these subsidiaries were:

Subsidiary	Location	Percentage Ownership	Incorporation Date
Light Manufacturing			
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	Fort McPherson, NWT	100%	September 25, 1991
Aklavik and Tuktoyaktuk Furs Ltd.	Aklavik, NWT	100%	June 30, 1997
Dene Fur Clouds Ltd.	Fort Providence, NWT	100%	December 18, 1997
Muskox Leather Inc.	Yellowknife, NWT	51%	August 25, 1998
Fine Arts and Souvenirs			
Acho Dene Native Crafts Ltd.	Fort Liard, NWT	100%	October 15, 1992
Wholesale/Retail Stores			
Arctic Canada Trading Co. Ltd.	Yellowknife, NWT	100%	June 28, 1997
Nahanni Butte General Store Ltd.	Nahanni Butte, NWT	51%	October 15, 1992
Rae Lakes General Store Ltd.	Rae Lakes, NWT	100%	October 14, 1992

2. Accounting Principles (continued)

(a) Principles of Consolidation (continued)

In 2003, under the provisions of the *Financial Administration Act*, Great Slave Lake Forest Products Ltd. (which ceased operations during the 1999-2000 fiscal year) and Muskox Leather Inc. had loans totalling $1,406,796 forgiven by the Legislative Assembly. Subsequent to that, Great Slave Lake Forest Products Ltd. was dissolved at March 31, 2003. The company had no revenues from operations during the reporting period.

Aklavik & Tuktoyaktuk Furs Ltd. and Muskox Leather Inc. had wind-up plans approved by the Board in November 2002. Aklavik & Tuktayaktuk Furs Ltd. is currently operating, while Muskox Leather Inc. ceased operations during the 2001-2002 fiscal year.

The Corporation controls all of its subsidiaries but does not hold a 100% interest in all of them. The non-controlling interest in the subsidiaries has been reduced by the losses applicable to the non-controlling interest. The excess and any further losses applicable to the non-controlling interest are allocated only to the parent's interest. Subsequent earnings will be allocated proportionately to the non-controlling interest when the parent's previously absorbed losses are recovered.

These consolidated statements include the assets and liabilities of the above named subsidiaries as at March 31, 2003 and the results of their operations for the year then ended.

(b) Financial Instruments

The Corporation's financial instruments, as referenced in the financial statements, consist of cash, reserve funds, investments, accounts receivable, accounts payable and accrued liabilities, long term debt and bank indebtedness. These financial instruments may be exposed to significant interest rate and credit risks. The financial statements and accompanying notes contain, according to management's best efforts, the relevant information necessary for a reasonable assessment of these risks. The fair value of these financial instruments, where determinable, approximate their carrying amounts unless otherwise noted.

(c) Cash and Reserve Funds

The Corporation's cash and reserve funds are pooled with the Government's surplus cash and is invested in a diversified portfolio of high grade, short term income producing assets. The cash can be withdrawn at any time and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-1 Low or better by the Dominion Bond Rating Service Limited. The Corporation's average annual investment yield to March 31, 2003 was 2.28% (2002: 3.26%).

(d) Inventory

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis.

2. **Accounting Principles (continued)**

(e) Venture Investments

Loans receivable which relate to capital items are carried at the amount of the funds advanced less accumulated provision for loss. When conditions of the loan agreement are not met, the entire principal balance and accrued interest shall become due and payable to the Corporation, at its option.

Loans are classified as impaired when there is a deterioration in credit quality to the extent that the Corporation no longer has reasonable assurance that the full amount of principal and interest will be collected. When a loan becomes impaired, recognition of interest income ceases.

Investments in ventures are carried at cost, or at cost less an allowance for loss on realization where there has been a decline in value.

Provision for loss on investments is determined following a detailed review of the investments and specific provisions are made for those investments known to be in difficulty. Provision for loss on investments include loan forgiveness and a provision for loss on realization of venture investments. The value of the venture investments, after provision for loss, represents their fair value.

Dividends from venture investments are included in revenue when received and are deposited to the Venture Investment Fund pursuant to Section 17(6) of the *Act*, to be used for additional investments in venture activities.

(f) Capital Assets

Capital assets are carried at cost less accumulated amortization. Amortization is recorded by the straight-line method at rates set out below:

Buildings	20 years
Equipment	4 years
Office furniture and equipment	4 years
Leasehold improvements	4 years
Computer equipment	4 years
Vehicles	4 years
Vessel	4 years

Prior to April 1, 2000, capital assets were amortized over 5 years or the number of years in which the Corporation had received guaranteed funding from the Government. Buildings acquired subsequent to March 31, 2000 are amortized on a straight-line basis over 20 years while any equipment and software acquired are amortized on a straight-line basis over 4 years.

2. Accounting Principles (continued)

(g) Employee Benefit Liabilities

The Corporation grants annual leave to employees based upon their respective terms of employment. Any annual leave not used during the year is accrued as an expense at year-end using each employees current salary level.

The Corporation does not maintain a pension plan for its employees but does make matching contributions to a registered retirement savings plan administered by an agent of the employee's choice. These contributions represent the total liability of the Corporation and are recognized on a current basis.

The Corporation also provides a life insurance and healthcare benefit plan through the NWT Chamber of Commerce Group Insurance Plan. The Corporation is not responsible for any future liabilities of this plan and premiums paid to that plan are recognized on a current basis.

(h) Revenue

Revenues earned from operations are recorded as services are rendered. Revenue is recognized on an accrual basis.

(i) Business Development Expenses

Business development expenses include spending on feasibility studies, business plans, investigations, due diligence assessments and appraisals which have been approved by the Board or the President. It is the Corporation's policy to charge these expenses to current year operations.

(j) Contributions from the Government of the Northwest Territories

The Corporation receives a contribution from the Government as set out below. This contribution is used for the purposes set out in the contribution agreement and is not repayable.

The contribution is allocated at the discretion of the Board as approved by the Financial Management Board (the FMB) for the purposes of acquiring capital and venture investments, providing operating subsidies to subsidiaries, financing head office operations, providing project contributions, paying business development expenses and purchasing capital assets for the Corporation.

The amount of the contribution approved by the Board for investment in majority-owned subsidiaries and for the acquisition of capital assets for the Corporation and for working capital advances to the subsidiaries is recorded as deferred capital contribution, and is amortized (into income) on the same basis as the amortization of the related capital assets and investments.

2. Accounting Principles (continued)

(j) Contributions from the Government of the Northwest Territories (continued)

The amount of the contribution approved by the Board for investment in loans receivable, preferred shares or non-controlling interests in common shares is recorded as Contributed Equity - Venture Investments and is recognized in the year for which the funds are advanced.

The amount of the contribution approved by the Board for providing operating subsidies to the subsidiaries is recognized in the year that the subsidy is paid to the subsidiary. A subsidy contribution which has not been expended at year end lapses. The amount of the contribution approved by the Board for providing project contributions is recognized in the year that the project contribution is paid. The amount of the contribution approved by the Board for financing head office operations and business development expenses is recognized in the year for which it is approved by the Legislative Assembly of the Government.

(k) Federal and Territorial Funding

The subsidiaries apply directly to specific programs and the funding is recognized as income in their financial statements and the consolidated financial statements.

(l) Measurement Uncertainty

The preparation of the financial statements, in accordance with Canadian generally accepted accounting principles, requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the valuation of venture investments and inventories.

3. Change of Accounting Policy

Effective April 1, 2002, the Corporation has changed the method for accounting for dividends received from venture investments. These dividends are now recognized as revenue for the year. In prior years, these dividends were credited directly to Contributed Equity - Venture Investments. This change is being applied on a retroactive basis and the consolidated financial statements for the year ended March 31, 2002 have been restated accordingly. As a result of this change, Revenue has been increased by $105,791 (2002: $86,776), Net loss from operations decreased by $105,791 (2002: $86,776) and the 2003 Net income increased by $105,791 (2002: Net loss decreased by $86,776).

To reflect the fact that Section 17(6) of the Act requires that such dividends be deposited in the Venture Investment Fund, a transfer is made from the Deficit account to the Contributed Equity - Venture Investments account in the Consolidated Statement of Deficit and Contributed Equity - Venture Investments.

4. Job Creation Or Maintenance And Compliance With Investment And Subsidy Limits

The *Act* provides the Corporation with the mandate to create or maintain jobs within the Northwest Territories. To this end, the Government provides a contribution to the Corporation.

Under subsection 16(4) of the *Act*, the Corporation may, for each job directly or indirectly created in a project or subsidiary, pay from the Subsidy Fund to a subsidiary or for the benefit of a project, a subsidy for operating costs each fiscal year in an amount not exceeding the prescribed maximum for the project or subsidiary. Under subsection 16(3) of the *Act*, the Corporation may, for each job directly or indirectly created in a project or subsidiary, pay from the Capital Fund to a subsidiary or for the benefit of a project, as initial investment, an amount not exceeding the prescribed maximum of $100,000 per job created.

The *Act* further states that amounts greater than the prescribed maximums may be provided with the approval of the FMB. The FMB has approved the subsidy expense for the 2002-2003 fiscal year through a Financial Management Board Record of Decision; amounts were expended consistent with the Corporation's policy on Job Creation and Measuring the Results and with the *Northwest Territories Development Corporation Regulations*. Arctic Canada Trading Co. Ltd., with the approval of the FMB, received a subsidy in excess of the $25,000 per job.

The following jobs were created or maintained by the Corporation, its subsidiaries and venture partners during the 2002-2003 fiscal year. Indirect jobs have been calculated using the Northwest Territories Bureau of Statistics Input-Output Model and have been calculated on an aggregate basis for subsidiary operations. Direct and indirect venture job creation and maintenance numbers have been aggregated in order not to compromise venture operations.

	Current Year Subsidies Provided	Direct Jobs		Indirect Jobs (Aggregate Totals)	
		2003	2002	**2003**	2002
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	$ 130,000	18.50	15.50		
Acho Dene Native Crafts Ltd.	100,000	4.00	4.00		
Arctic Canada Trading Co. Ltd.	250,000	.75	3.00		
Dene Fur Clouds Ltd.	225,000	9.00	8.50		
Nahanni Butte General Store Ltd.	75,000	3.00	3.00		
Rae Lakes General Store Ltd.	-	5.00	5.00		
	$ 780,000	40.25	39.00	14.00	11.00
NWT Development Corporation Head Office		8.00	8.00	7.00	5.00
		48.25	47.00	21.00	16.00
Venture Investments		76.50	67.50	32.00	20.00
		124.75	114.50	53.00	36.00

In fiscal 2002-2003, the total number of direct and indirect jobs created or maintained by the Corporation, it's subsidiaries and the ventures that it has invested in, number 177.75.

Aklavik & Tuktoyaktuk Furs Ltd., Great Slave Lake Forest Products Ltd. and Muskox Leather Inc. did not receive any capital or subsidy dollars in the fiscal year, nor did they create or maintain any jobs.

5. Government Contributions

	2003	2002
Government of the Northwest Territories		
Contribution for subsidies to subsidiaries	$ 780,000	$ 1,130,000
Contribution to operations and business development	1,985,230	742,808
Amortization of deferred capital contributions - Government	95,194	149,762
	2,860,424	2,022,570
Federal and Territorial programs	44,019	454,911
	$ 2,904,443	**$ 2,477,481**

6. Deferred Capital Contributions

	2003	2002
Opening balance	$ 2,663,694	$ 2,677,956
Funding received in the year	93,030	135,500
Amortization recognized	(95,194)	(149,762)
Ending balance	**$ 2,661,530**	**$ 2,663,694**

7a. Funds

The consolidated cash balance available to the Corporation and its subsidiaries at March 31, 2003 totalled $2,206,996. This balance consisted of $779,492 in reserve funds and $1,427,504 in consolidated cash balances (net of bank indebtedness). The unconsolidated bank balance of the Corporation as at March 31, 2003 was $1,905,274. The consolidated fund balances of the Corporation are comprised as follows:

Funds available for capital investments	$ 185,069
Capital Reserve Fund	321,381
Funds available for venture investments	499,795
Venture Reserve Fund	458,111
Funds available for operations	195,221
Funds available for subsidies	245,697
	1,905,274
Subsidiary cash balances	301,722
Consolidated cash balance including reserves	**$ 2,206,996**

7b. Reserve Funds

Pursuant to Sections 16 and 17 of the *Act*, the Corporation is required to administer a Capital Reserve Fund and a Venture Reserve Fund. The Corporation is required to allocate to these funds an amount equal to 10% of the sums paid from the Capital Fund and the Venture Fund. The legislation indicates that allocations are required to these two reserve funds up to a prescribed maximum. The prescribed maximum is $1 million for both reserve funds.

The Corporation is required to pay amounts in the Capital Reserve Fund that exceed the prescribed maximum of $1 million to the Consolidated Revenue Fund of the Government . The Corporation is required to contribute to the Venture Reserve Fund until it reaches the prescribed maximum of $1 million. Further contributions are not required when the maximum is maintained.

	2003	2002
Capital Reserve Fund		
Opening reserve	$ 349,381	$ 332,536
Current year reserve deposit	22,000	28,500
Draws	(50,000)	(11,655)
Ending reserve	**321,381**	**349,381**
Venture Reserve Fund		
Opening reserve	153,311	423,311
Current year reserve deposit	54,800	70,000
Repayments (draws)	250,000	(340,000)
Ending reserve	**458,111**	**153,311**
	$ 779,492	**$ 502,692**

8. Venture Investments

		2003	2002
Loans Receivable			
Red Dog Mountain Contracting Ltd.		$ -	250,000
Tli-Cho Co-operative Ltd.		212,350	212,350
Wekweti Development Corporation		220,000	220,000
Nats'enelu Ltd.		100,000	100,000
		532,350	782,350
Less: Provision for loss		(477,350)	(260,000)
		55,000	522,350
Investments in Shares			
Red Dog Mountain Contracting Limited	preferred	1,425,600	1,425,600
Tri-Vanguard Pictures Ltd.	preferred	400,000	400,000
ADK Corporate Group	preferred	300,000	300,000
Canzeal Enterprises Ltd.	preferred	300,000	-
Kunnek Resource Development Corp	preferred	300,000	150,000
175119 Canada Inc. (Norweta Cruises)	preferred	273,311	273,311
Two River Development Group Ltd.	preferred	160,000	160,000
Nats'enelu Ltd.	preferred	150,000	150,000
Dunnett Petroleum Ltd.	preferred	135,000	135,000
North Nahanni Naturalist Lodge Ltd.	preferred	100,000	100,000
Enodah Wilderness Travel Ltd.	preferred	98,000	-
F.C. Services Ltd.	preferred	30,000	30,000
Acoda Gifts Ltd.	common	15,000	15,000
Tli-Cho Co-operative Ltd.	preferred	100	100
Nortech Fire & Safety Ltd.	preferred	-	200,000
974104 N.W.T. Ltd. (Deline)	preferred	-	100,000
Great Circle Entertainment Ltd.	preferred	-	81,739
Aboriginal Language Services Corporation	preferred	-	42,000
		3,687,011	3,562,750
Less: Provision for loss		(2,108,011)	(2,192,050)
		1,579,000	1,370,700
Net Investment in Venture Investments		**$ 1,634,000**	**$ 1,893,050**

Investments, in all classes of ventures, for 2003 totalled $4,219,361 (2002: $4,345,100) with associated provisions made of $2,585,361 (2002: $2,452,050). Impaired loans in 2003 total $532,350 (2002: $532,350); the associated provision for loss is $477,350 (2002: $260,000).

8. Venture Investments (continued)

Preferred Shares and Dividends

Investments in preferred shares carry the right of conversion to common shares. This right, if exercised, may result in the holding of a controlling interest under certain circumstances. The Corporation does not exercise significant influence on its venture investments.

Preferred shares are redeemable at the option of the Corporation, and earn dividends at variable rates. Dividends have been waived for the first three years for certain of the investments. Investment yields vary from year to year due to the amount and timing of dividend and interest income received; venture investments earned $105,791 in 2003 (2002: $86,776).

Forgiveness

Under the provisions of the Financial Administration Act, an account can only be approved for forgiveness by either the Legislative Assembly (over $1,000) or the FMB ($1,000 or less). Once an account has been forgiven, no further collection action is possible.

In 2003, five accounts totalling $1,411,239 were forgiven by the Legislative Assembly (2002: nil). No accounts were forgiven by the FMB (2002: nil).

9. Capital Assets

	Cost	Accumulated Amortization	2003 Net Book Value	2002 Net Book Value
Land	$ 18,247	$ -	$ 18,247	$ 3,197
Buildings	4,297,055	3,802,973	494,082	536,701
Equipment	593,136	591,004	2,132	15,961
Leasehold improvements	252,909	246,069	6,840	10,261
Office and equipment	386,132	378,466	7,666	16,904
Computer equipment	126,857	123,355	3,502	22,083
Vehicles	108,515	93,283	15,232	12,973
Construction in progress	287,741	-	287,741	92,971
	$ 6,070,592	$ 5,235,150	**$ 835,442**	**$ 711,051**

The majority of the capital asset balance has been amortized due to accounting treatment that tied the amortization to the subsidy reporting period. That reporting period varied in length, from one to five years.

10. Bank Indebtedness

Bank indebtedness represents bank overdrafts that carry an interest rate of prime plus 5.0%.

	2003	2002
Bank overdrafts	25,194	-

11. Long-term Debt

	2003	2002
Aurora Fund loan repayable at end of term. Simple interest of 7.00% ($9,450) is payable monthly. Repayment in full is due January 2004.	$ 1,620,000	$ 1,620,000

In relation to the Aurora Fund loan, the Corporation is required to make monthly payments into a sinking fund held by a trustee, the Pacific & Western Group of Companies, for the redemption of long-term debt. The required monthly payment is $27,000 less interest of 6.00% earned on the outstanding monthly balance. At the end of the five year term, the sinking fund will be used to repay the full amount of the loan.

	2003	2002
Sinking Fund Balance	$ 1,350,000	$ 1,026,000

12. Consolidated Statement of Cash Flow - Summaries

(a) Changes in Non-cash Operating Working Capital

	2003	2002
Accounts receivable	$ 66,122	$ (124,657)
Dividends receivable	-	436
Inventory	(177,606)	(216,359)
Deposits and prepaid expenses	6,150	(11,435)
Accounts payable and accrued liabilities	(292,965)	(299,152)
Provision for site restoration	-	(323,322)
	$ (398,299)	**$ (974,489)**

(b) Contribution From Government

Capital funds	$ 93,030	$ 135,500
Venture funds	602,800	770,000
	$ 695,830	**$ 905,500**

13. Commitments

Lease Obligations

The Corporation is committed to operating leases for rental of office space and equipment at the future minimum payments as set out below:

	2003	2002
2003	-	159,937
2004	149,115	156,714
2005	40,102	60,902
2006	10,739	44,139
2007	575	33,600
	$ 200,531	**$ 455,292**

14. Related Party Transactions

The Corporation is related, in terms of common ownership, to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business at normal trade terms.

Transactions with related parties and balances at year end, not disclosed elsewhere in the financial statements, are as follows:

		2003		2002
Revenues				
Sales	$	123,733	$	142,696
Expenses				
Purchases	$	495,076	$	(152,349)
Balances at year end				
Accounts Receivable	$	14,594	$	43,569
Accounts Payable	$	75,991	$	166,025

15. Discontinued Operations

On March 31, 2003, Great Slave Lake Forest Products Ltd. was dissolved. There were no gains or losses associated with this event.

16. Subsequent Events

(a) *Northwest Territories Business Development and Investment Act*

The Minister responsible for the Corporation has drafted and plans to table a Bill to enact the *Northwest Territories Business Development and Investment Act*. If passed in the legislature, the Bill would create the Northwest Territories Business Development and Investment Corporation which then will assume the operations of the Corporation.

(b) Muskox Leather Inc.

In July 2003, resolutions were passed dissolving Muskox Leather Inc.

17. Selling and Administrative Expenses

	2003	2002
Salaries and wages	$ 1,670,867	$ 1,730,440
Office and general	195,410	201,106
Travel	190,702	192,536
Utilities	180,067	132,038
Advertising and promotion	172,569	115,334
Rent	155,794	151,984
Professional fees	85,774	62,998
Board members	73,443	92,804
Bank charges and interest	60,945	80,492
Telephone	48,788	55,196
Bad debts	35,325	42,220
Workshops	3,945	4,590
	$ 2,873,629	**$ 2,861,738**

18. Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in 2003.

19. Segmented Information

	Acho-Dene Crafts	Aklavik & Tuk Furs	Arctic Canada Trading Co.	Dene Fur Clouds	Ft. McPherson Tents	Musk-ox Leather	Nahanni-Butte General	Rae Lakes General	2003 Total
Revenues	$ 187,055	$ 19,835	$ 356,531	$ 113,378	$ 504,329	$ -	$ 385,408	$ 1,044,384	**$ 2,610,920**
Net profit (loss) before subsidy	$ (103,461)	$ (1,171)	$ (136,174)	$ (258,099)	$ (55,596)	$ (1,388)	$ (101,269)	$ 26,485	**$ (630,673)**
Subsidy	$ 100,000	$ -	$ 250,000	$ 225,000	$ 130,000	$ 207,089	$ 75,000	$ -	**$ 987,089**
Profit (loss) after subsidy	$ (3,461)	$ (1,171)	$ 113,826	$ (33,099)	$ 74,404	$ 205,701	$ (26,269)	$ 26,485	**$ 356,416**
Deficit March 31,2002	$ (731,506)	$ (952,412)	$ (569,008)	$ (289,629)	$ (1,264,678)	$ (196,030)	$ (916,757)	$ (159,186)	**$ (5,079,206)**
Surplus (deficit) March 31,2003	$ (734,967)	$ (953,583)	$ (455,182)	$ (322,728)	$ (1,190,274)	$ 9,671	$ (943,026)	$ (132,701)	**$ (4,722,790)**

Inter-segment sales are accounted for at prices comparable to open market prices for similar products and services.

Financial Statements of

NORTHWEST TERRITORIES LIQUOR COMMISSION

Year ended March 31, 2003

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Northwest Territories Liquor Commission (the Commission) maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non financial information is available on a timely basis and that the Commission acts in accordance with the laws of the Northwest Territories and Canada. The Commission's management recognizes its responsibility for conducting the Commission's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial agency.

The accompanying financial statements were prepared by management in conformity with Canadian generally accepted accounting principles appropriate in the circumstances.

To discharge the responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. She also considers whether the transactions which come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

R. J. Courtorelle
General Manager

May 9, 2003

Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Northwest Territories Liquor Commission as at March 31, 2003 and the statements of income, amount due to the Government of the Northwest Territories and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Commission and the financial statements are in agreement therewith and the transactions of the Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, and the *Liquor Act* and regulations.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
May 9, 2003

240 rue Sparks Street, Ottawa, Ontario K1A 0G6

NORTHWEST TERRITORIES LIQUOR COMMISSION

Balance Sheet

March 31, 2003, with comparative figures for 2002

	2003 ($000's)	2002 ($000's)
Assets		
Current assets:		
Cash	$ 3,938	$ 2,366
Accounts receivable	75	2
Due from Nunavut Liquor Commission	25	15
Inventories (note 3)	2,308	2,707
Prepaid expenses	12	24
	6,358	5,114
Capital assets (note 4)	52	46
	$ 6,410	$ 5,160
Liabilities		
Current liabilities:		
Accounts payable	$ 1,693	$ 2,080
Due to the Government of the Northwest Territories	4,667	2,978
	6,360	5,058
Employee future benefits (note 5)	50	102
Commitments (note 6)		
	$ 6,410	$ 5,160

See accompanying notes to financial statements.

Approved by Management

R. J. Courtoreille
General Manager

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Income

Year ended March 31, 2003, with comparative figures for 2002

	2003	2002
	($000's)	($000's)
Sales		
Beer	$ 16,801	$ 16,163
Spirits	14,418	13,898
Wine	3,364	3,088
Coolers and ciders	1,377	1,431
	35,960	34,580
Cost of goods sold:		
Beer	7,365	6,691
Spirits	4,299	4,142
Wine	1,399	1,261
Coolers and ciders	615	572
	13,678	12,671
Gross profit on sales	22,282	21,909
Other income:		
License fees and permits	567	558
Import fees and other income	248	362
	815	920
	23,097	22,829
Expenses		
Commissions to agents	2,256	2,960
Salaries, wages and employee benefits	908	885
Administration	352	224
Travel	108	66
Rent	57	59
Inspectors' fees	48	51
Amortization of capital assets	14	49
Board member honoraria	38	24
	3,781	4,318
Net income	$ 19,316	$ 18,511

See accompanying notes to financial statements.

NORTHWEST TERRITORIES
LIQUOR COMMISSION

Statement of Amount Due to the Government of the Northwest Territories

Year ended March 31, 2003, with comparative figures for 2002

	2003 ($000's)	2002 ($000's)
Balance, beginning of year	$ 2,978	$ 2,303
Net income	19,315	18,511
Salaries, wages and benefits paid by the Government	964	885
	23,258	21,699
Net transfer of funds to the Government	18,591	18,721
Balance, end of year	$ 4,667	$ 2,978

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flows

Year ended March 31, 2003, with comparative figures for 2002

	2003	2002
	($000's)	($000's)
Cash flows from operating activities:		
Cash received from customers	$ 36,687	$ 35,504
Cash paid to suppliers and employees	(16,504)	(15,670)
Net cash provided by operating activities	20,183	19,684
Cash flows from investing activities:		
Purchase of capital assets	(20)	(30)
Net cash used in investing activities	(20)	(30)
Cash flows from financing activities:		
Cash transferred to the Government of the Northwest Territories	(18,591)	(18,721)
Net cash used in financing activities	(18,591)	(18,721)
Increase in cash	1,572	1,133
Cash, beginning of year	2,366	1,233
Cash, end of year	$ 3,938	$ 2,366

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

Year ended March 31, 2003

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1. **Authority and operations:**

The Northwest Territories Liquor Commission is established under Part II of the Northwest Territories Liquor Act. It is responsible for the operation of liquor stores and the purchase and distribution of liquor in the Northwest Territories through the Liquor Revolving Fund. The Department of Finance is responsible for the administration of the Fund through the Consolidated Revenue Fund. The Commission is authorized by the Legislative Assembly to receive interest-free working capital advances from time to time not exceeding $6,500,000 to finance its operations.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the Liquor Act.

These financial statements include the operations of the Liquor Licensing Board of the Northwest Territories.

The Commission is non-taxable under the Income Tax Act, Canada.

2. **Significant accounting policies:**

(a) Inventories:

Inventories are valued at replacement cost which is not materially different than cost. Cost includes invoiced cost, freight, duties and taxes.

(b) Capital assets:

Computer equipment represents hardware and software and is stated at cost. Amortization is provided on the straight-line basis at an annual rate of 33%.

Recycling equipment is stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 10%.

Leasehold improvements are stated at cost. Amortization is provided on the straight-line basis at an annual rate of 20%.

Furniture and fixtures are stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 20%.

2. **Significant accounting policies, continued:**

(c) Pension benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Commission's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Commission and are charged to operations on a current basis. The Commission is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(d) Non-pension benefits

The Commission is required to recognize certain non-pension post-employment benefits over the periods which employees render services to the Commission. Employees are entitled to specified benefits on termination as provided for under conditions of employment, through a severance benefit plan. The Commission recognizes the cost of future severance benefits over the periods in which the employees render services to the entity and the liability for these benefits is recorded in the accounts as the benefits accrue to employees.

(e) Use of estimates

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The preparation of accrual financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and contingencies during the reporting period. Actual results could differ from the estimates. The most significant items where estimates are used are employee severance liabilities, bottle returns and amortization of capital assets.

3 **Inventories:**

	2003 ($000's)	2002 ($000's)
Spirits	$ 1,028	$ 1,130
Wine	367	477
Beer	773	961
Coolers and ciders	140	139
	$ 2,308	$ 2,707

4 **Capital assets:**

	Cost ($000's)	Accumulated amortization ($000's)	2003 Net book value ($000's)	2002 Net book value ($000's)
Computer equipment	$ 488	$ 458	$ 30	$ 25
Recycling equipment	150	135	15	15
Furniture and fixtures	37	30	7	6
	$ 675	$ 623	$ 52	$ 46

5 **Employee future benefits:**

Pension benefit:

During the year the Public Service Superannuation Plan ("PSSA") required the Commission to contribute to the PSSA at a rate of 2.14 times the employees' contributions. The Commission contributed $81,000 to the PSSA during the year (2002 – $72,000).

6. **Related party transactions:**

The Commission is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business.

The Government of the Northwest Territories provides the Commission with various administrative services, the value of which is not reflected in these financial statements. The cost of these services has been estimated to be $39,110 for legal services provided by the Department of Justice and $9,355 for payroll services provided by the Financial Management Board Secretariat.

7. **Service agreement:**

The Commission provides various corporate and program delivery services to the Nunavut Liquor Commission and Nunavut Liquor Licensing Board. It received $136,000 (2002 - $125,000) in fees for the services rendered. This amount is included in import fees and other income on the income statement.

8. **Commitments:**

The Commission has a five year lease agreement ending August 31, 2005 for its office premises and has office equipment under operating leases through to 2007. The minimum annual lease payments are:

	($000's)
Year ending March 31:	
2004	$ 56
2005	56
2006	27
2007	5
	$ 144

Annual lease payments for the office premises include operating costs which are subject to annual increases based on the consumer price index and adjustments for property tax assessments.

9. **Fair value of financial assets and financial liabilities:**

The fair value of the Commission's cash, accounts receivable, due from Nunavut Liquor Commission, accounts payable and amount due to the Government of the Northwest Territories approximates their carrying amounts due to their short-term nature.

Government of the Northwest Territories

Department of Education, Culture and Employment

Student Loan Revolving Fund

for the year ended
March 31, 2003

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Student Loan Revolving Fund
for the year ending March 31, 2003

STATEMENT OF OPERATIONS

	2003	2002
	(thousands of dollars)	
Loans receivable, opening balance	$ 24,382	$ 22,144
Add: Loans granted during the year	5,436	4,686
	29,818	26,830
Less: Principal amount of loans repaid	2,022	1,349
Principal amount of loans written off	288	-
Principal amount of loan remissions	1,252	1,099
Loans receivable, closing balance	26,256	24,382
Less: Estimated provision for remission and written off accounts	16,799	15,132
Net loans receivable, closing balance	**$ 9,457**	**$ 9,250**

Effect of Student Loan Revolving Fund on Government Operations

Interest earned and credited to general revenues	486	429
Less: Financial Collection Agency fees	11	10
Estimated provision for remission and written off accounts	3,207	2,764
Operating deficiency for the year	**$ (2,732)**	**$ (2,345)**

(1) During the fiscal year the allowance for remission and write-off accounts were increased by $3,207,240 (2002 - $2,764,150). These allowances represent estimated accrued expenses charged against the Consolidated Revenue Fund. These expenses represent loans that are unlikely to be collected, or loans which qualify for remission.

(2) During the fiscal year, $288,122 in loans were written off due to uncollectability (2002 - nil). $1,251,522 (2002 - $1,099,030) were remitted.

(3) No costs for administration of the Student Loan Fund are included.

APPROVED:

Dr. Loretta Foley
Deputy Minister
Department of Education, Culture and Employment

Paul Devitt
Director, Financial & Mgmt. Services
Department of Education, Culture and Employment

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Government of the Northwest Territories

Department of Resources, Wildlife and Economic Development

Fur Marketing Service Revolving Fund

for the year ended March 31, 2003

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

RESOURCES, WILDLIFE AND ECONOMIC DEVELOPMENT

Fur Marketing Service Revolving Fund

Purpose: To provide working capital for the operation of a fur advance system. Trappers receive interest free advances on fur sent to southern auction houses. More than 1,000 trappers take advantage of this program.

	($)	(thousands of dollars)	
	2002/2003 Actuals	**2002/2003 Main Estimates**	**2001/2002 Actuals**
Authorized Limit	**900,000**	**900**	**900**
Operating Results			
Opening Accounts Receivable	127,676.67	159	149
Advances to Trappers	25,131.68	150	90
Receipts of Fur Account Loans	(134,406.28)	(120)	(111)
Closing Accounts Receivable (Note 1 & 2)	18,402	189	128

Notes:

1) Some fur remains unsold at auction for extended periods. The spring sale proceeds which are received after fiscal year end pay off most of the remaining advances from the season's trapping.

2) Direct recovery from individuals is necessary if the fur sells for less than the advance amount.

Prepared by:

Marissa Martin
Assistant Director, Corporate Services,
Finance and Administration

Approved by:

Jim Kennedy
Director, Corporate Services,
Finance and Administration

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Government of the Northwest Territories

Department of Public Works and Services

Public Stores Revolving Fund Inventories

for the year ended
March 31, 2003

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Schedule of Public Stores Revolving Fund Inventories for the year ended March 31, 2003

Public Stores	Balance March 31, 2002	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2003
Yellowknife	$ 129,346	$ 195,635	$ (232,808)	$ -	$ -	$ 92,173

Prepared by :

Bev Bourque
Manager, Finance and Administration
North Slave Office

Approved by :

Chuck Gibson
Manager, Finance Services
Corporate Services

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Public Accounts

Northwest Territories • 2002-2003

Section IV Government Indicators

Northwest Territories

SECTION IV

FINANCIAL INDICATORS

(Unaudited)

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INTRODUCTION

The Public Accounts of a government report on the fiscal year's revenues and expenses and how they relate to the overall surplus or deficit position of the Government. It is important to note that the financial condition of a government is often quite different from the financial condition of the economy.

A research study conducted by the Canadian Institute of Chartered Accountants states:

The financial health of a government is it's financial health as measured by sustainability, vulnerability and flexibility, looked at in the context of the overall economic and financial environment. These terms are defined as follows:

- *Sustainability: the degree to which a government can maintain existing programs and meet existing creditor requirements without increasing the debt burden on the economy.*
- *Flexibility: the degree to which a government can increase its financial resources to respond to rising commitments, by either expanding its revenues, or increasing its debt burden.*
- *Vulnerability: the degree to which government becomes dependent on, and therefore vulnerable to, sources of funding outside its control or influence, both domestic and international.*

The information provided in the following pages is intended to assist readers of the Consolidated Public Accounts in their assessment of the Government's financial health. Information relating to assets or liabilities of the Government is specific to a point in time, whereas information relating to revenues and expenses encompasses the results of a fiscal year.

GROSS DOMESTIC PRODUCT COMPARISONS

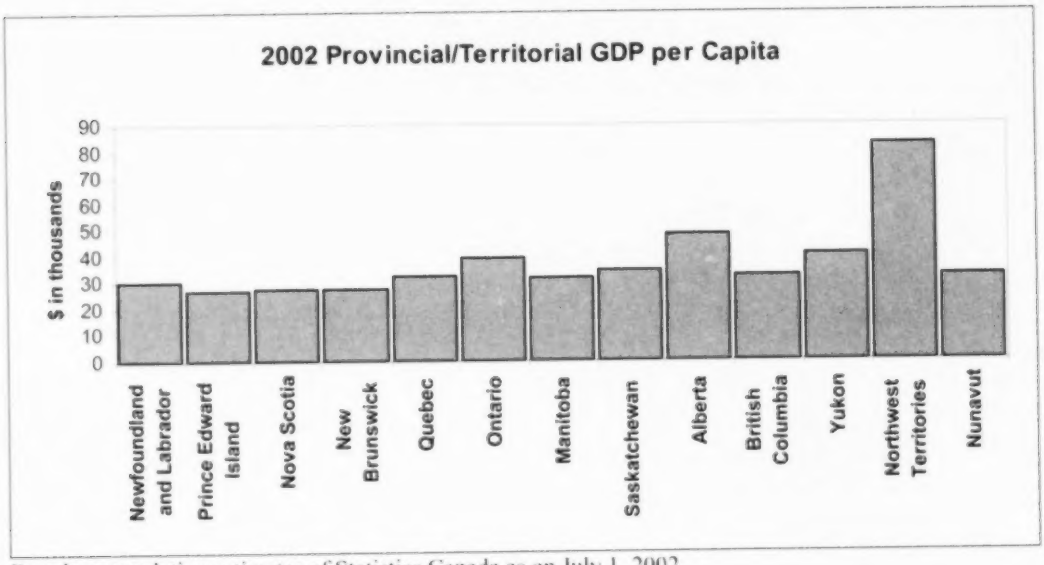
Gross Domestic Product (GDP) represents the total unduplicated value of goods and services produced within the geographical boundaries of a country, province or territory, irrespective of whether the factors of production involved are resident or non-resident. GDP is typically measured in two ways: as total incomes earned in current production (income-based); and, as total final sales of current production (expenditure-based). Both methods yield the same estimate of GDP. Estimates of GDP are typically expressed at market prices, which includes the impact of taxes and subsidies in the estimate.

For the Northwest Territories (NWT), Statistics Canada estimates current dollar GDP at market prices at $3,412 million for 2002; this represents an increase of 6.3% over the 2001 estimate of $3,210 million. A final estimate of 2002 GDP for the NWT, along with the other provinces and territories, is scheduled for release in October 2003; preliminary estimates of 2003 GDP will be release in April 2004.

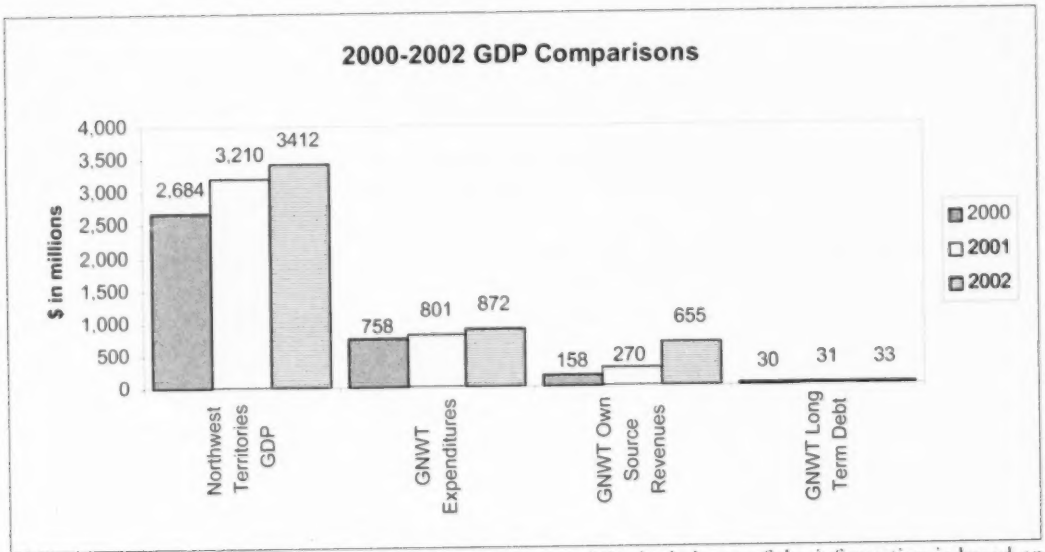
Gross Domestic Product at Market Prices, 2002 and 2001 (calendar year)
Canada, Provinces and Territories
Current Dollars ($millions)

	2002	2001	Percent Change
Canada	1,142,123	1,092,246	4.6
Northwest Territories	3,412	3,210	6.3
Nunavut	935	901	3.8
Yukon	1,211	1,193	1.5
British Columbia	134,365	130,859	2.7
Alberta	150,469	151,319	-0.6
Saskatchewan	34,526	33,305	3.7
Manitoba	36,527	34,707	5.2
Ontario	470,567	443,852	6.0
Quebec	242,914	229,617	5.8
New Brunswick	20,888	20,507	1.9
Nova Scotia	26,193	25,203	3.9
Prince Edward Island	3,767	3,480	8.2
Newfoundland and Labrador	15,982	13,761	16.1

GROSS DOMESTIC PRODUCT COMPARISONS (continued)

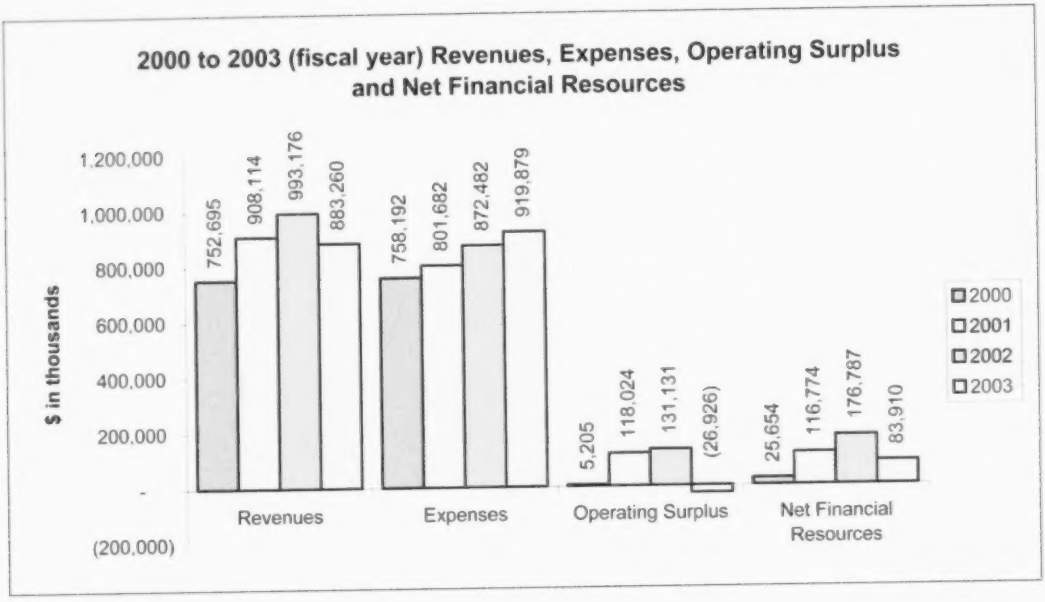


Based on population estimates of Statistics Canada as on July 1, 2002



*Northwest Territories GDP is based on a calendar year, while the balance of the information is based on amounts from March 31 fiscal year-ends.

REVENUE, EXPENSES, SURPLUS AND NET FINANCIAL RESOURCES



* Revenues depicted above exclude both recovery of prior years expenditures and revenue from the Northwest Territories Power Corporation.

The Government currently has positive net financial resources (assets), which as depicted in the following pages, translates into having more financial resources (assets) than outstanding liabilities at the fiscal year end. While the Government's net financial resources have been drawn down by over 50% during the year, as discussed on page 6, some of the factors that contributed to this draw down are of a one-time nature. Net Financial Resources remains an important indicator showing the Government's financial position to be sustainable, at least in the short-term, and allowing the Government some flexibility in adapting to meet future needs.

REVENUE, EXPENSES, SURPLUS AND NET FINANCIAL RESOURCES (continued)

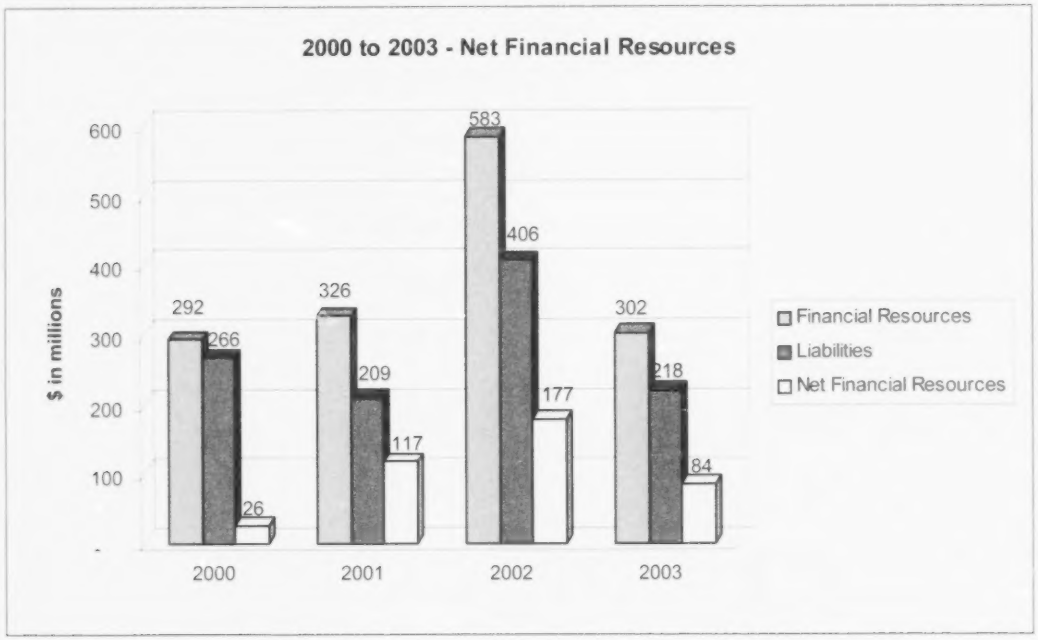
The table below illustrates, both as dollars and as a percentage, the increase in revenue and expenses for the last two fiscal years.

	2000 to 2001		2001 to 2002		2002 to 2003	
	$ Change (in thousands)	Percent Change	$ Change (in thousands)	Percent Change	$ Change (in thousands)	Percent Change
Revenues	155,419	20.6%	85,062	9.4%	(109,916)	(12.5%)
Expenses	43,490	5.7%	70,800	8.8%	47,397	5.4%

While an increase (or decrease) maybe be significant, it is important to relate that change to the rate of change in other components. Examples of things to watch are: (1) expenses increasing at a faster rate than revenues, (2) the drawing down of net financial resources to maintain or improve services or (3) a fluctuation related to a one time event or an event that may not re-occur in the future. Assessing the likelihood of any change in the level of revenues or expenses continuing into the future is an important factor to consider. This information can only be reviewed on a meaningful level when consideration is given to what is the driving factor; inflation, new initiatives or other factors. These changes are important when assessing the long-term sustainability of the present level of services.

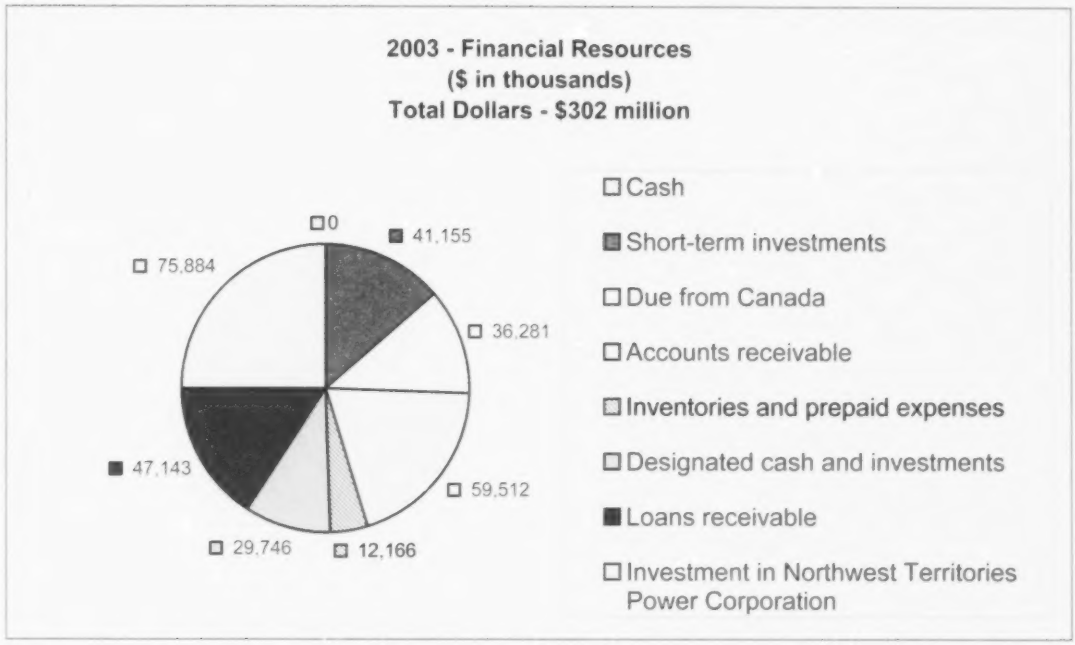
NET FINANCIAL RESOURCES

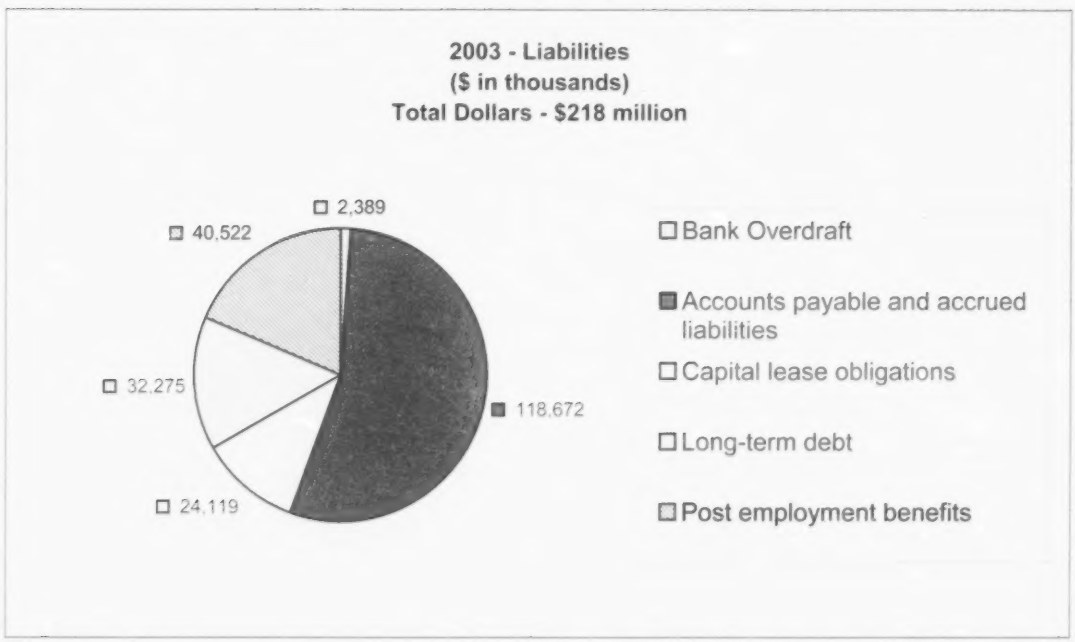
Net financial resources are the residual financial resources (as detailed on the next page) after being reduced by all financial liabilities of the government. The graph below depicts the Government's net financial resource position at the end of the fiscal year.



Net financial resources are a good indicator of a government's ability to meet its existing financial obligations. However a significant change in the level of net financial resources occurred in the current year reducing our net financial resources by over 50%. The main cause of this change is related to unusual events that occurred in 2002 increasing our net resources. An excess of cash on hand due to the prepayment of the Grant by Canada and higher corporate taxes increased our assets in 2002. While our 2002 liabilities were also increased by the requirement to repay funds advanced on the Grant, the net effect was to temporarily increase our net financial resources. In 2003 we saw the reverse effect, as these items did not reoccur. Net financial resources will always be affected by any dramatic changes in revenues or expenses, as can be noted by the change from 2000 to 2001. It is worth noting that the Government of the Northwest Territories is in a net financial resource position while most governments are in a net debt position.

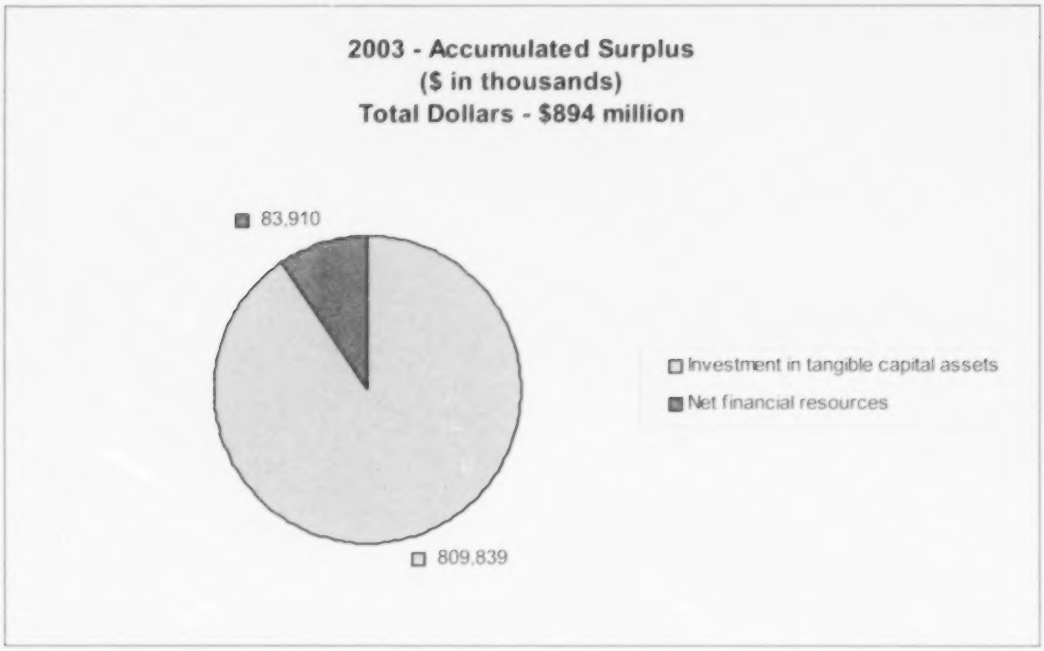
FINANCIAL POSITION





The above graphs illustrate the varied composition of the Government's financial resources and liabilities.

FINANCIAL POSITION (continued)

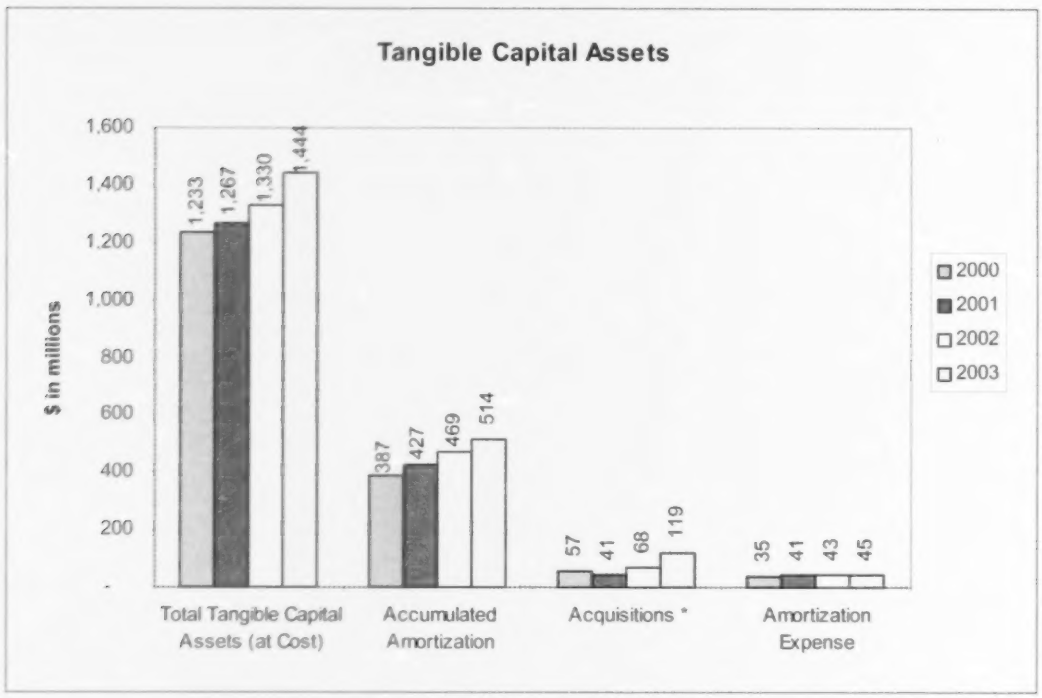


The surplus of the Government is comprised of its net financial resources and its investment in capital assets. When considering the flexibility of a Government to budget for a deficit that portion of the surplus which is associated with tangible capital assets must not be confused with financial assets that are available to meet current and future obligations. Nor should net financial resources be equated to available cash.

TANGIBLE CAPITAL ASSETS

Tangible capital assets include assets purchased directly by the Government and assets that were fully or partially contributed to the Government of the Northwest Territories by Canada or other parties.

In the fiscal year 2000/2001, the Government of the Northwest Territories implemented Tangible Capital Asset accounting. In order to have meaningful comparisons, the fiscal year 1999/2000 was restated to reflect this policy. In previous years all capital purchases were fully expensed in the year the purchase occurred. The existing assets are being expensed as amortization in the financial statements of the Government based on their average useful life.

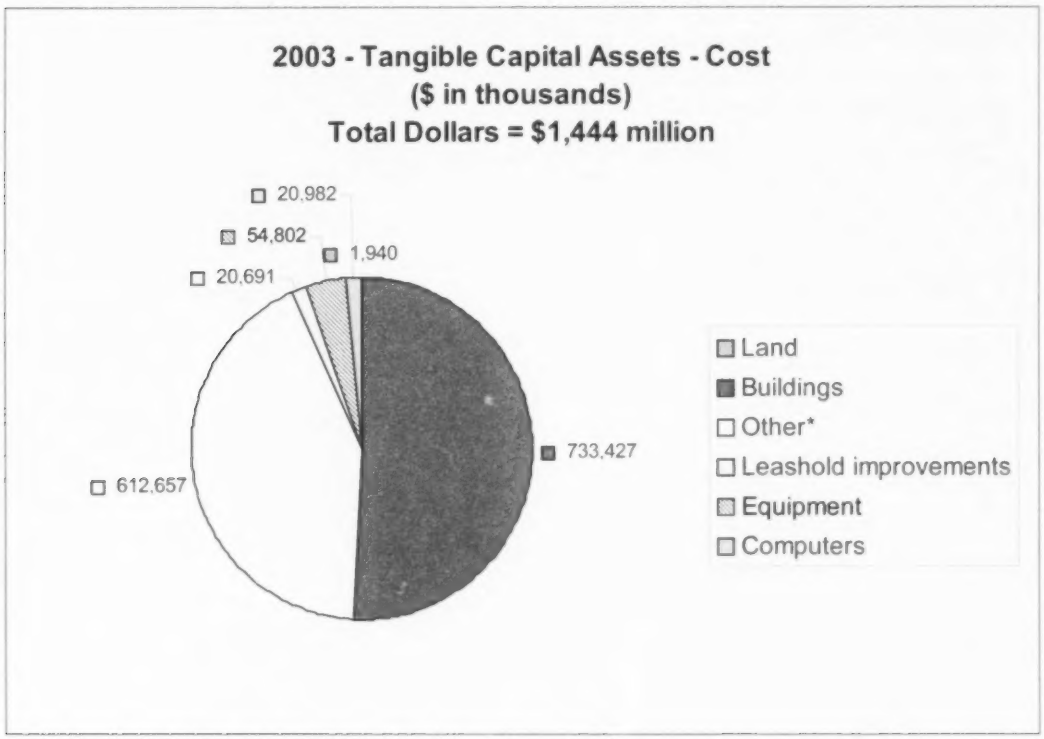


* Acquisitions do not include investments in assets that were not completed as at March 31 of any year. Such assets are recognized when completed and placed into service.

The Government must plan its capital expenditures to ensure that the existing assets are replaced and/or expanded in a timely manner and in conjunction with the Government's direction and priorities.

TANGIBLE CAPITAL ASSETS (continued)

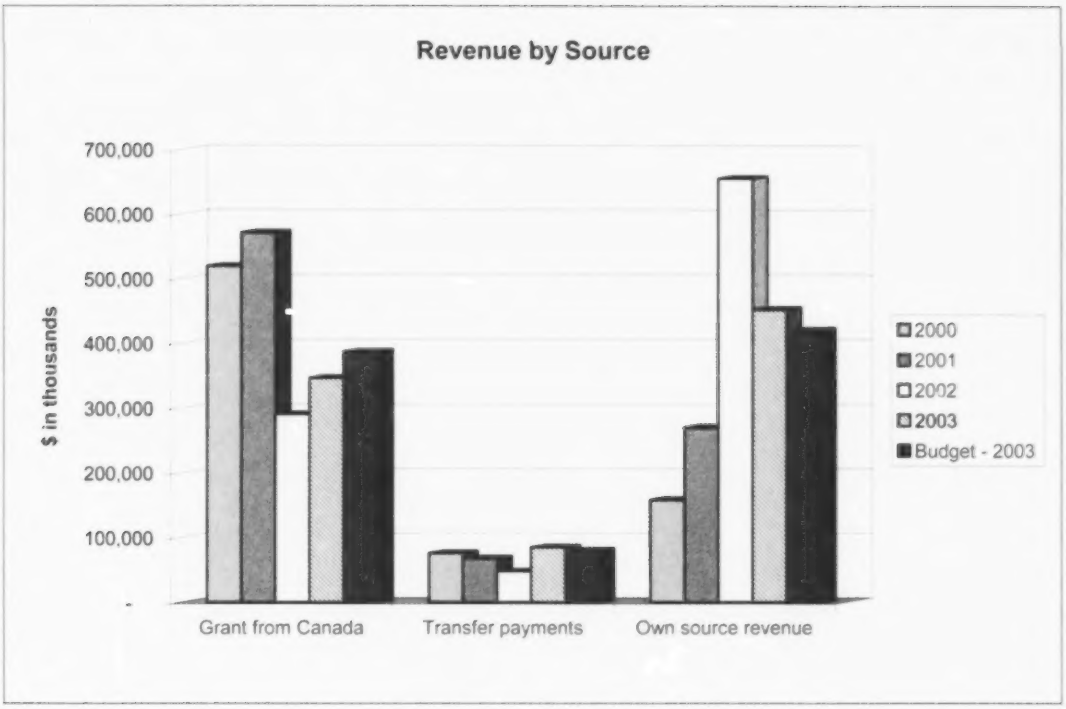
The Government should continue to invest in the replacement of tangible capital assets, at a rate that, over time, approximates the rate at which assets are being consumed. Capital asset investment planning must address two essential points; (1) maintaining existing assets and (2) providing for growth.



*Includes roads, bridges, airstrips, aprons and water/sewer works

The Government of the Northwest Territories is currently investing in tangible capital assets at a level that represents between 50% and 60% of the estimated investment needed for replacement and growth.

REVENUE BY SOURCE



In a normal year the Government of the Northwest Territories receives between 60 to 70 percent of its revenues from the Formula Financing Grant from Canada. Major own-source revenues, such as corporate and personal income tax, tobacco tax, fuel taxes, and payroll tax are approximately thirty percent of total revenues. Although the Northwest Territories has a vast reserve of non-renewable resources, it does not currently share in the revenue produced by those resources (royalties, etc). The intended result of upcoming tri-party negotiations, amongst Canada, the Government of Northwest Territories and Northwest Territories Aboriginal Governments, is the devolution and sharing of resource revenues.

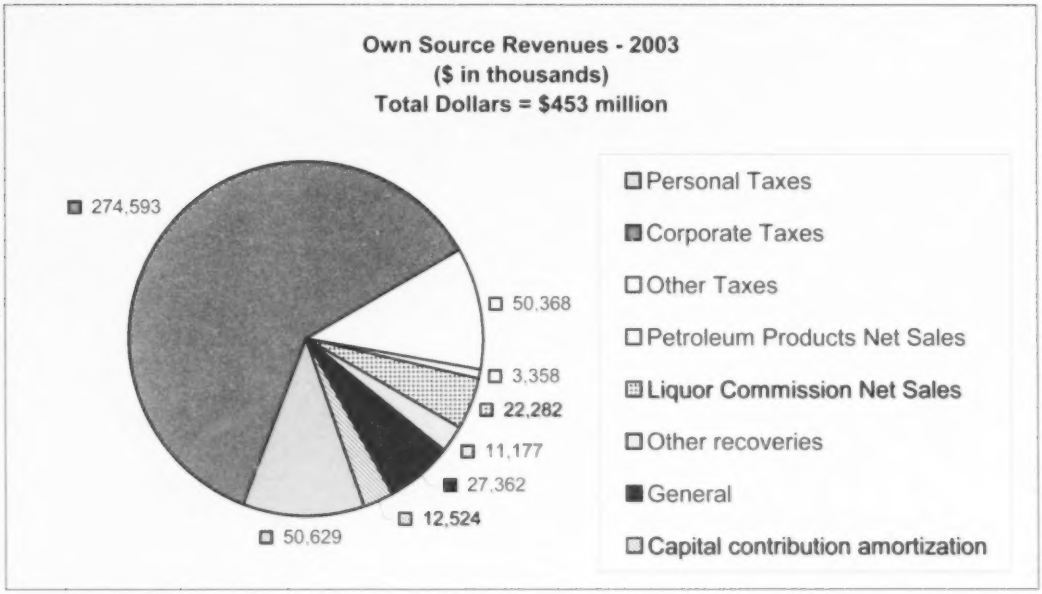
The Grant from Canada is based on a formula designed to cover the difference between expenditure needs and the Government of the Northwest Territories' revenue-raising ability. Therefore, changes to the Government of Northwest Territories' own source revenue levels will change the Grant in the opposite direction. Since the revenue-raising ability measures what the Government could raise at eighty-five percent of national average tax rates in the base year, changes in own source revenue levels will not change the Grant by a corresponding amount.

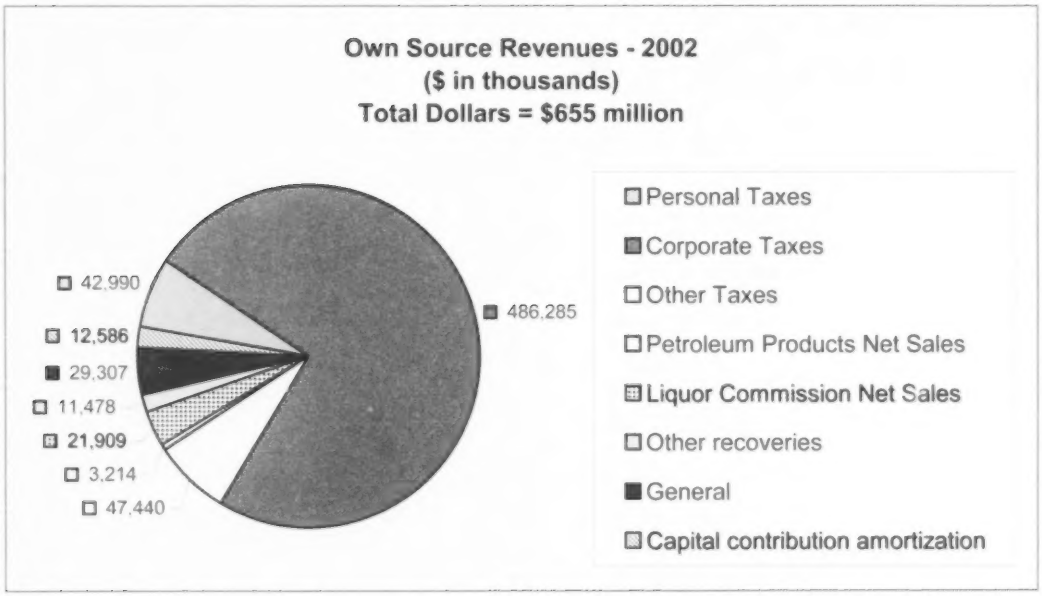
REVENUE BY SOURCE (continued)

The Grant is designed to provide an incentive for the Government of the Northwest Territories to raise revenues. Therefore, an increase in tax rates that provides increased tax revenues will not affect the Grant. For example, if fuel taxes are raised one cent per litre from the base year rate, the fuel tax revenue for purposes of calculating the Grant will still be at the lower rate. Therefore, the Government of the Northwest Territories keeps the additional revenue generated by increasing the tax rate.

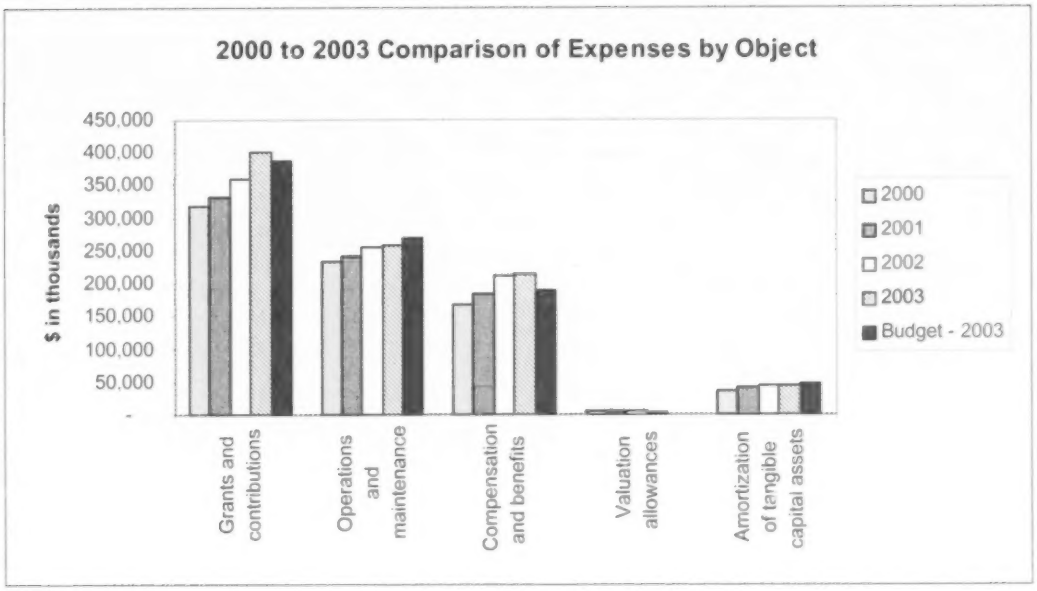
The Grant's expenditure base amount is escalated each year by the growth in provincial/local government spending and the ratio of population growth in NWT to the growth of the Canadian population. The data used to calculate these growth rates are not finalized until three years later for provincial/local government spending and five years later for population data. Therefore, adjustments to the Grant for a fiscal year can occur up to five years later. Since the escalation is cumulative, adjustments for prior years can have significant effects on total revenues. Corporate and personal income taxes estimates also take three years to finalize and require adjustments to the Grant.

REVENUE BY SOURCE (continued)





EXPENSES BY OBJECT

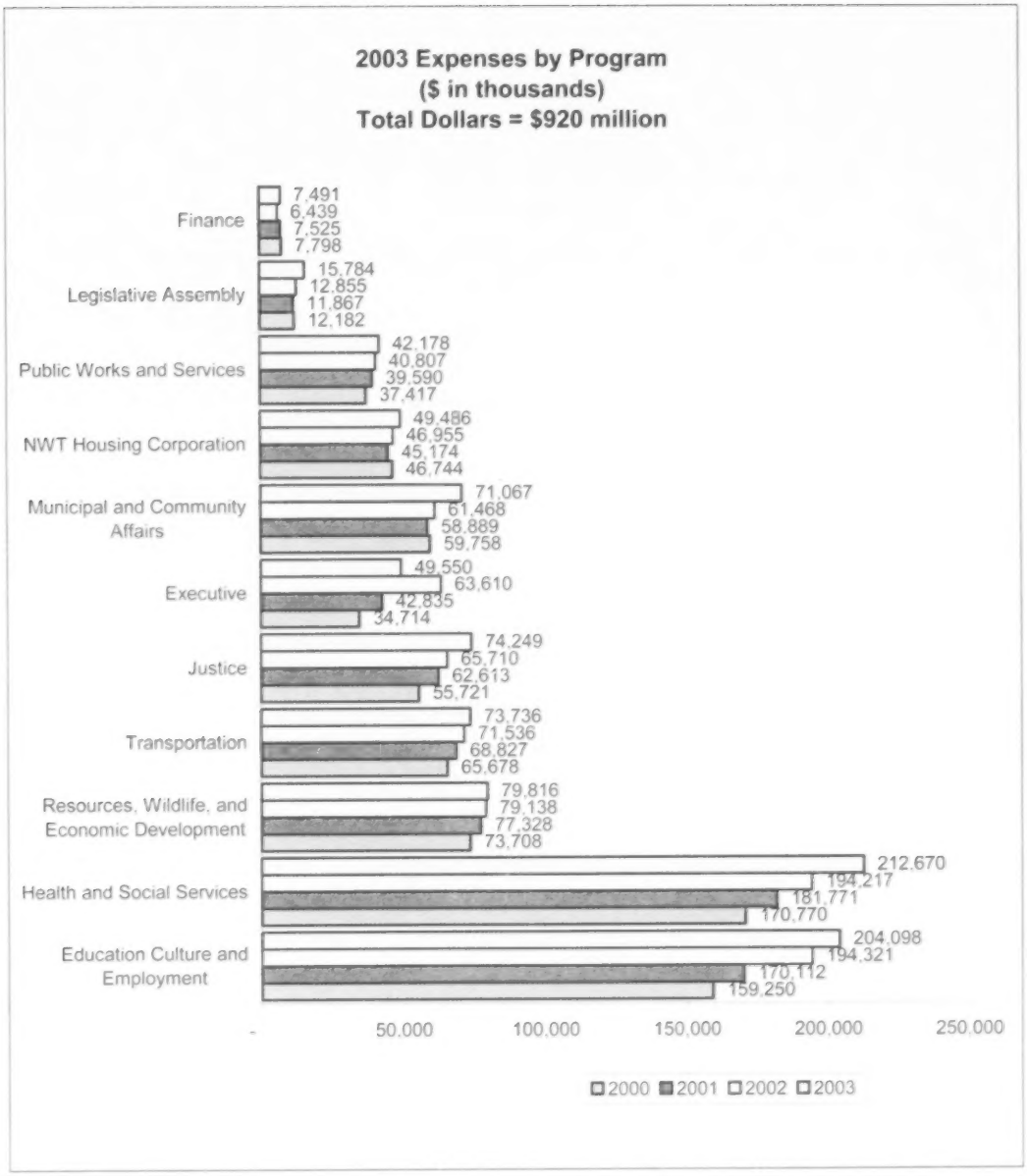


The expenses of the Government are such that a large percentage of its costs are fixed. Grants and contributions to third parties also have many components that are fixed and as the major (or sole) provider of funds, the Government cannot vary the funding without affecting the level of output by these boards and agencies. Approximately 43.5% (2002 – 41.3%) of the Government's total expenditures for 2002/2003 were for Grants and Contributions. Many of our social and educational programs are funded by these contributions.

Additional types of fixed costs are long-term, such as lease and other commitments as disclosed in the note 17 to the Consolidated Public Accounts. Department's operational expenses do not include principal payments on long-term debt (including capital leases).

The Government is also vulnerable to inflation as it is an important factor when negotiating compensation and benefits. Not only are the direct wages of the Government (approximately 23.3% (2002 – 24.1%) of the government's total expenditures) vulnerable to this but wages also make up a significant portion of the grants and contributions given to third parties.

EXPENSES BY PROGRAM

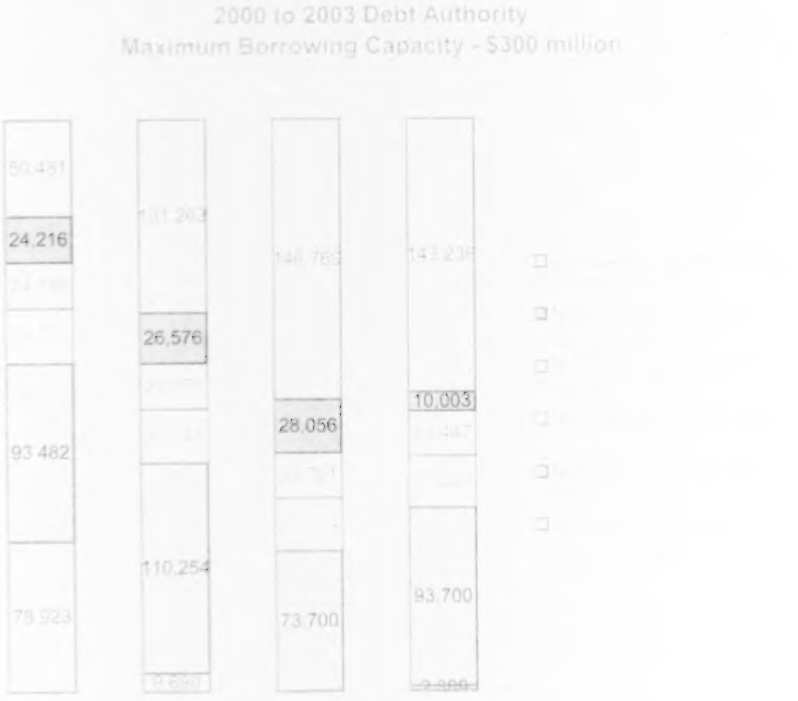


In the 2002-2003 fiscal year, the Government spent 60% (unchanged from 2002) of its total budget on social programs (education, health, justice and housing). Most of the remaining budget is allocated to infrastructure, natural resources and economic development. Any additional resources to improve a service often have to be made at the expense of other important needs. Balancing a budget entails not only controlling expenses but also finding the most effective and efficient mix of programs.

LONG-TERM DEBT BORROWING CAPACITY

Canada, pursuant to subsection 20(2) of the *Northwest Territories Act*, has approved Government borrowing up to $300 million. This includes all debt of the various Government entities' that are consolidated. These entities include the Northwest Territories Housing Corporation and the Northwest Territories Power Corporation. If future monetary requirements should require borrowing in excess of the approved amount a review of the Government's overall borrowing capacity with Canada would be required.

The borrowings of the Northwest Territories Power Corporation (NTPC) and the Northwest Territories Energy Corporation are serviced through revenues generated by the NTPC and Northwest Territories Energy Corporation and, as such, do not require the Government fund the related interest expense or principal repayments.



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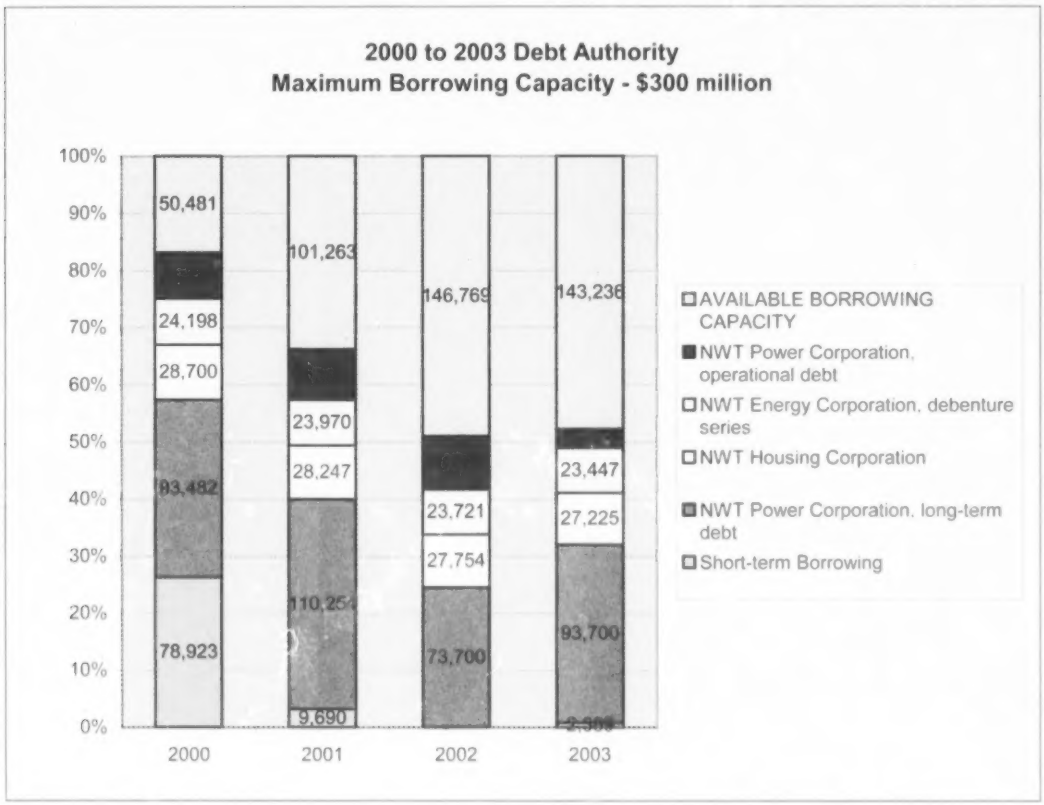
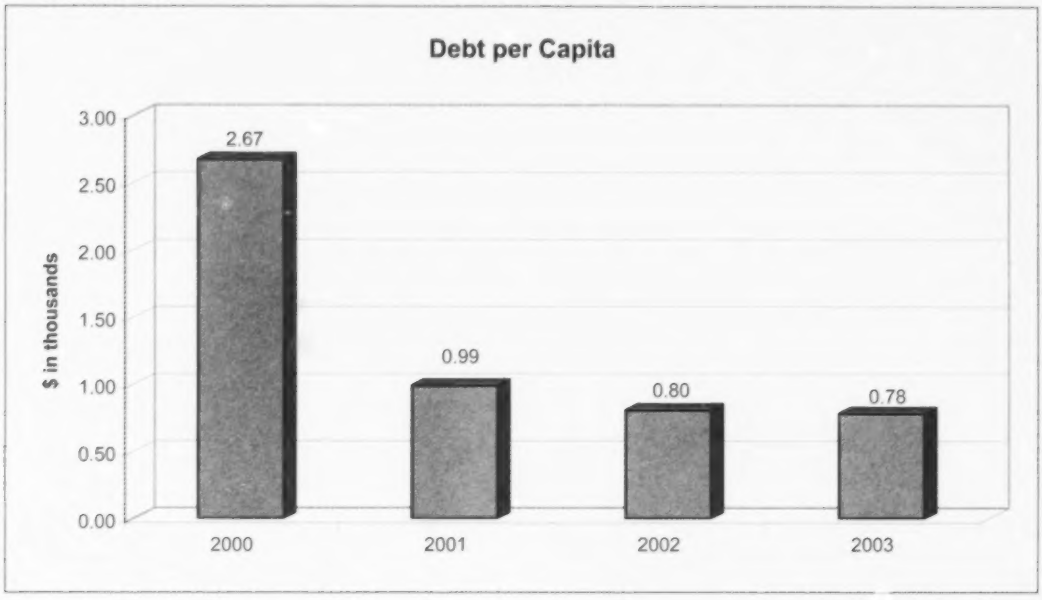


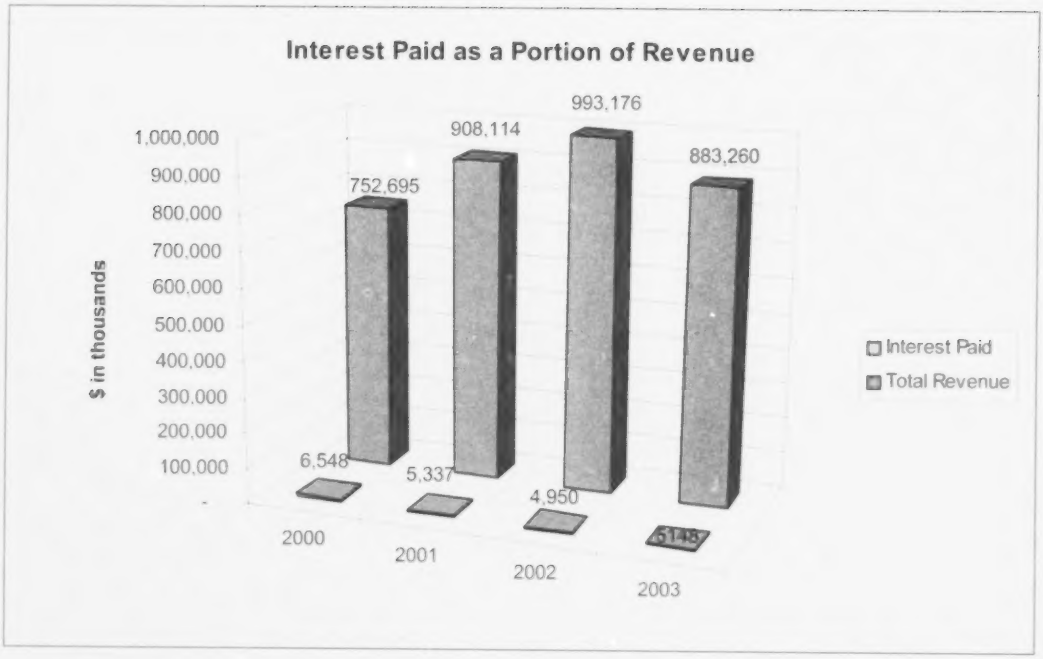
DEBT PER CAPITA

The following chart depicts the debt per capita with respect to the entire debt load that the Government of the Northwest Territories is directly responsible for. This debt is defined as short and long-term borrowing. At March 31, 2003 the long-term debt was $32 million, with no short-term borrowings.



Based on Statistics Canada population as at July 1, 2002

INTEREST



The Government of the Northwest Territories is in the enviable position of having less than 1% of its total revenues expended to service its debt load.

CONCLUSION

As described in the Introduction, the CICA has suggested that a government's financial health should be measured in terms of sustainability, flexibility and vulnerability. The preceding measures have attempted to illustrate how the Government of the Northwest Territories' fiscal health measures up from this standpoint. The following conclusions are suggested:

Sustainability – at the end of the 2002-2003 fiscal year the Government of the Northwest Territories enjoyed a surplus of financial assets over financial liabilities of $84 million. These net financial resources were equal to about 9.1% of the year's expenses, or 4.7 weeks of operations. The Government's long-term debt was $32 million or 3.6% of the Government revenues for that year and less than 1% of the Northwest Territories Gross Domestic Product. These measures suggest that the Government of the Northwest Territories can maintain current programs without increasing the debt burden on the economy, at least for the short-term.

Flexibility – this pertains to the Government's ability to increase its financial resources. The Government of the Northwest Territories raised 51% of its 2002-2003 revenues (65% in 2001-2002) from its own sources. While at first glance it may appear that our revenue sources have deteriorated, closer inspection shows a sharp decrease in corporate income tax as the major cause, all other sources remain fairly constant. This was due to a the 2002 tax filing by large corporations, with large one time capital gains, wishing to take advantage of favourable corporate income tax rates. The balance of revenues came largely through the formula financing agreement with the federal government. The Government does not have access to resource royalty revenues as the federal government continues to control all Northwest Territories subsurface resources. The Government of the Northwest Territories has a federally imposed limit on its borrowing of $300 million, and although it is currently under its limit, $300 million represents only 33% of 2001-02 expenses or 17 weeks of operations. The Government of the Northwest Territories' flexibility is severely constrained by these factors.

Vulnerability – this is a measure of how dependent a government is on sources of funding outside its control or influence. To assess the Government of the Northwest Territories vulnerability it is not necessary to look further than the Government's limited own source revenues, their volatility related to corporate income tax and their effect on the Formula Financing Agreement. This agreement is renewed every five years at which time it is subject to negotiated or federally imposed changes. The current agreement expires March 31, 2004.

In summary, the Government of the Northwest Territories is financially healthy at this point in time but it has limited flexibility to raise new revenues or incur debt and it is very vulnerable to federal changes to its future revenues.

ADDITIONAL SOURCES OF INFORMATION

The Government of the Northwest Territories produces several other documents and web sites that may be referenced for additional information.

Sources include:

- Government of the Northwest Territories Web Site at www.gov.nt.ca
- Government of the Northwest Territories Public Accounts
  - Section I – Consolidated Financial Statements
  - Section II – Non-Consolidated Financial Statements
  - Section III – Supplementary Financial Statements
- Government of the Northwest Territories Main Estimates
- Business Plans
- Geographic Tracking Report
- Results Report